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## U.S. Begins a Review Of Saudis' Need to Use F-15 Jets as Bombers

By Charles Mohr  
New York Times Service

WASHINGTON — A government committee studying the question of whether the United States should agree to sell Saudi Arabia specialized bomb racks for its F-15 fighter planes is not expected to reach a decision until "late this year or early next year," an official said.

Three other high-ranking officials confirmed the statement that a committee to "review Saudi Arabia's air-to-ground requirements, or its need for bombing capability, had just begun work."

All four officials, who spoke on condition that their names not be used, said they did not believe it was very likely that the review committee would recommend the sale of "multiple-ejection bomb racks" to Saudi Arabia. They did not rule out this possibility, however.

When Congress returns from recess Wednesday, it will begin grappling with an already controversial issue: Whether to permit the sale of five Airborne Warning and Control Systems planes, called AWACS, to Saudi Arabia, along with other equipment to enhance the performance of F-15s and other Saudi Air Force planes.

### \$8.5 Billion Sale

The administration has described the proposed \$8.5 billion sale of air defense equipment to Saudi Arabia as the cornerstone of President Reagan's "policy to strengthen the strategic environment of the Middle East" and has asserted that the sale would lay the groundwork for closer U.S.-Saudi defense cooperation.

Congress has the legal power to veto the proposed sale if both the Senate and House pass a concurrent resolution of disapproval. A vote on such a resolution is expected to come in October after hearings and debate. Thus, Congress could be confronted with a second, similar controversy early next year if the review committee should recommend the sale of the multiple-ejection bomb racks and if the president accepted the recommendation.

The F-15 Eagle is designed primarily to be an air superiority interceptor and not a ground-strike aircraft. However, it can carry three bombs, each weighing as much as 2,000 pounds, on external "hard points," or pylons attached to the aircraft frame.

If fitted with the model 200 multiple-ejection bomb rack, the plane can carry a maximum load of 18 bombs of 500 pounds each. If it is also fitted with conformal fuel tanks, which are streamlined tanks adding 1,500 gallons to the plane's fuel capacity, a total of 22 such 500-pounders can be carried.

These maximum bomb loads may be reduced, in practice, depending on the fuel load and on the air-to-air missiles that may be mounted on the plane for a specific mission, officials said.

A policy analysis done in April by the Center for Strategic Studies of Tel Aviv University reflected the Israeli government's point of view when it asserted that the multiple-ejection racks would give the F-15s a "most potent capability with potential devastating effects on Israeli targets in Israel."

President Carter had agreed to sell 60 F-15s to Saudi Arabia with two more to be held in the United States as attrition replacements for planes that might be destroyed in use. The first six of the planes will have been delivered by next month to Luke Air Force Base near Glendale, Ariz., where they are to be used until July, 1982, in training Saudi pilots. The six planes are then scheduled to be delivered to Saudi Arabia.

Last 13 in 1983

Six more F-15s are also scheduled for delivery by Jan. 20, 1982. A total of 47 planes are scheduled to be delivered by the end of 1982, with the last 13 arriving by May, 1983.

An attempt to veto the F-15 sale was defeated in the Senate in 1978 by a vote of 54 to 44. The Carter administration had given assurances to Congress that conformal fuel tanks, tanker aircraft capable of refueling F-15s and multiple-ejection bomb racks would not be sold.

The Carter administration and, later, the Reagan administration, contended that the Soviet intervention in Afghanistan in December, 1979, and the Iraq-Iran war that broke out in September, 1980, had changed conditions sufficiently to justify modifying the 1978 promise to Congress.

At least 101 pairs of conformal fuel tanks and six or eight tanker aircraft would be needed to support the fleet of 18 F-15s.

Spain's decision on NATO will "show in which direction the future of world relations will develop: toward an increase in tensions and confrontation or toward détente and a decrease in the level of military confrontation," the note said.

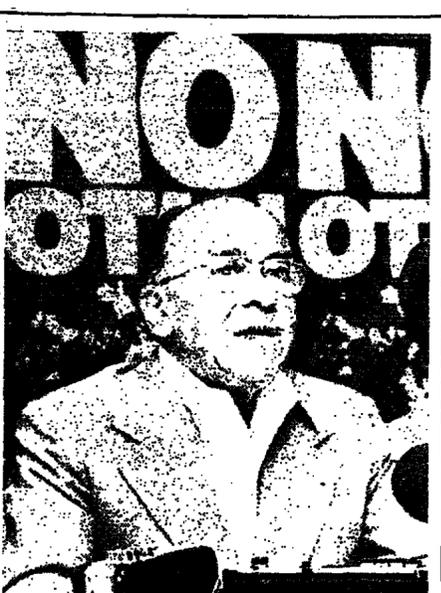
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Mr. Carrillo said Tuesday that Spanish membership in NATO would give the Soviet Union justification to try to extend the Warsaw Pact and set up military bases in other areas.

The Spanish parliament is to debate, possibly this month, a government proposal to make Spain the 16th member of NATO. The centrist government has a working majority in both houses of the Cortes.

A spokesman for the Soviet Embassy quoted the note as saying that Spain's relations with the alliance acquired particular impact in view of the complex international situation, and that the Soviet Union had the right to let its opinion be known.



Spanish Communist leader Santiago Carrillo speaking against NATO membership at a news conference Tuesday.

## Spain Rejects Soviet Note Opposing NATO Proposal

From Agency Dispatches

MADRID — The Soviet Union has warned Spain against joining the North Atlantic Treaty Organization, but Madrid has rejected the warning as interference in Spanish affairs, a Foreign Ministry spokesman said Tuesday.

The official said the Soviet chargé d'affaires, Igor Ivanov, gave a note to the Foreign Ministry on Monday night saying that Spanish membership in NATO would increase international tension.

"The note was rejected as an interference in our national affairs," the spokesman said. "Spanish foreign policy is made by the Spanish government."

"Direction of Relations"

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## Tass Condemns Solidarity Aims; Union Presses for Referendum

### Gdansk Congress Backs Idea Of Free Unions in East Bloc

### Moscow Charges Movement Is Seeking Power in Poland

By John Darnon  
New York Times Service

GDANSK, Poland — Throwing down a challenge to the authorities, the Solidarity union demanded Tuesday that the government hold a national referendum on workers' rights in running factories and other enterprises.

If the Polish parliament did not sponsor such a referendum, then Solidarity itself would do so, said a motion passed with only one negative vote at the independent union's first national congress.

Continuing in a spirit of defiance, the 892 delegates also approved a special message to "the working class people" of Eastern Europe and the Soviet Union, encouraging them to set up their own unions free of Communist Party control.

"As the first independent union of Eastern Europe we declare a sense of community and contrary to the slanders spread in your country we are the authentic representatives of the working class in Poland," the message said.

"We support those of you who have decided to enter the difficult road of struggle for free and independent unions. We trust that you and our representatives can meet soon to exchange experiences."

Roar of Applause

The motion to send the message was passed overwhelmingly, with only a scattering of hands raised in opposition, and it touched off a roar of applause inside the Olivia sports stadium. A dozen or so delegates laughed nervously when the text was read.

It was the first time that Solidarity, the 9.5-million-member union created out of workers' protests a year ago, had launched a direct appeal to workers in other Communist states. As such, it was bound to incur the wrath of the Soviet Union.

Top Solidarity leaders said privately that they had no knowledge of any independent unions forming in any other Soviet bloc country. But they said that they had heard of a strike recently in the Soviet Union in which a demand for an independent union was reportedly raised and that they were aware of attempts to set up unions in at least one country, Hungary.

Tuesday's session of the congress, in contrast to earlier ones, seemed to take an abrupt political turn. It was as if, after three days of largely procedural questions, the floodgates of frustration and anger toward the party and government had been opened.

The congress sharply condemned attempts to hamper union organizing inside the Interior and Defense ministries, both the sensitive terrain of security forces.

Unsettling Proposals

The delegates raised various proposals that would unsettle the authorities. One, to be formally considered later, was for free and honest elections to the parliament, or Sejm. For the past three and a half decades the elections have been carefully stage-managed by the Communist Party.

Other proposals were for legislation to allow freedom of travel and emigration and to rewrite history books to fill in "gaps" relating to Polish-Soviet relations.

In a remark that seemed to sum up the confident, history-building mood of his colleagues, one delegate, Zbigniew Karwowski, rose to demand that the government give over access to the mass media. "If

the statement proved at least one thing conclusively — that like divorce lawyers, both parties were setting up cases against each other that show the electorate who was really at fault.

The Free Democrats had moved

first during the summer. They appeared to sense, with polls substantiating the assumption, that the Social Democratic Party was losing popularity. Blame for the country's continuing recession was being put on it, and the continuing internal divisions among Social Democrats on deployment of U.S. nuclear weapons and security policy created a picture of feuding immobilism.

Because the Free Democrats are a small party, usually winning between 5 and 10 percent of the vote, they must create an impression on voters in terms of counterpoint: positions that distinguish the Free Democrats from their associates.

At the same time, because most national political change in post-war West Germany has come through coalition-jumping rather than elections, the party must constantly weigh the chances of its survival in its current alliance.

Differences Stressed

As a result, the party leadership appeared to decide last month that it would approach the issue of the coming budget from a standpoint that would clearly demarcate its ideological differences from the Social Democrats and signal that it would not be an incompatible partner for the opposition Christian Democrats.

The stance it took involved a position that had some of the allure of Reagan economics. The answer to the country's recession, it said, is lowering taxes and slashing the social service system, a hammock in West Germany compared to the thin strings of support in the United States. The approach was announced as a "turning point," "the decisive test for free enterprise" and, as Mr. Genscher overstated it, the most significant struggle of postwar reconstruction.

What the Free Democrats appeared to have in mind was a kind of controlled tension with the Social Democrats that they could easily manage. But with Mr. Schmidt on vacation the Social Democrats left behind in Bonn reacted very harshly, charging that their coalition partners were talking about dismembering the welfare state. A sense of crisis followed.

Regardless of the tactical intentions of the parties, the conflict leading up to approval by the Cabinet last week of a budget that compromise that had not much to do with austerity or new state make-work programs, resulted in an electorate convinced that the coalition partners had very little left in common.

The impression was doubly negative. If the coalition continued to hold on, that would suggest that the party leaders were not very principled, since the names they were calling each other could only justify a split. If the coalition fell apart then the parties would have broken their promise to voters to remain together until 1984.

Pressures Each Way

The pressures working toward keeping the parties together are habit, the risk of losing jobs and perquisites, and the uncertainty of a new political world. Those working in favor of a split are the Free Democrats' fears that their party may be weakened in four regional elections next year and that they might never have more leverage than at present. This trend may be helped by a number of Social Democrats, particularly among the party's youth, who are bored with Mr. Schmidt's moderation and feel they could take control of the organization if it went into the opposition.

The Christian Democratic opposition has watched the process with pleasure, but with nothing more decisive to say than the statement by its leader, Helmut Kohl, on Sunday that "the coalition is totally at an end" — the kind of remark the opposition has been making for 11 years.

There is no sign that the party is making offers to bring about a split in the coalition, thinking instead perhaps that at the current pace of events the Christian Democrats could win an absolute majority in 1984. A change in alliances now would also mean the

creation of a new coalition government.

Western military sources said they believed the report was designed to put additional psychological pressure on the Poles, but such joint exercises and film reports on them are common in Poland.

Tass accused Solidarity of deliberately making irresponsible demands on the Warsaw Pact for more money, in order to create a political deadlock and undermine the authority of the central government.

Western diplomats said the Tass report appeared to be a reaction to claims made at the Gdansk congress that Solidarity was spearheading a national revolution and that the union's leadership had effectively become the national parliament.

Some diplomats said they believed that, as a result of the congress, the Soviet Union might increase pressure on the Polish leadership to crack down on Solidarity and try to silence its leaders.

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## Begin Arrives for Initial Meeting With Reagan to Repair Relations

By Fred Harris  
International Herald Tribune  
WASHINGTON — Israeli Prime Minister Menachem Begin arrived here Tuesday for talks that Reagan administration officials hope will ease the strains in U.S.-Israeli relations and help move Middle East policy beyond a shaky status quo toward progress in resolving the Arab-Israeli conflict.

Administration officials hope to convince the Israeli leader of the need for rapid progress toward achieving self-rule for the 1.2 million Palestinians living in the Israeli-occupied West Bank and Gaza Strip. Mr. Begin, for his part, is expected to argue strongly against U.S. plans to sell Saudi

Arabia radar aircraft (AWACS), which he considers a danger to Israel's security.

Mr. Begin, who spent the last two days in New York City and met with U.S. Jewish community leaders, was greeted at Andrews Air Force Base by Secretary of State Alexander M. Haig Jr. and other officials.

Mr. Begin, on his 12th visit to the United States since he became prime minister in 1977, will be officially welcomed Wednesday morning by President Reagan, whom he has not previously met. The two leaders will hold at least two meetings.

Mr. Begin's three-day visit comes one month after a similar

trip by Egyptian President Anwar Sadat. It marks the first opportunity for the Israeli prime minister and the U.S. president to take each other's measure and see whether they can replace the disagreements of recent months with a more harmonious working relationship.

These disagreements, prompted by Israel's air strikes against Iraq and Lebanon, forced Mr. Reagan temporarily to suspend shipment of F-16 fighter-bombers to Israel. Although that dispute now has been set aside, relations remain troubled by Israel's bitter opposition to the planned U.S. sale of an \$8.5-billion package of Airborne Warning and Control System planes and jet fighter enhancements to the Saudis.

While Mr. Begin's aides say privately that he does not plan to mount a full-scale public attack on the AWACS deal while he is here, his expected campaign to induce Israel's supporters in Congress to block the sale will cast a cloud over his visit. Nevertheless, U.S. officials reportedly insist that Mr. Reagan and Mr. Haig believe it is still possible to work with Mr. Begin in pursuit of U.S. diplomatic and strategic goals in the Middle East.



GETTING READY — Members of the 1st U.S. Infantry Division getting their main battle tanks ready for a depot at Graben, West Germany. The soldiers were flown in from Fort Riley, Kan., to take part in field training exercises called "Reforger" in the next two weeks.

## Zia Sees Afghan Raid as Bid To Affect Pakistan's Policy

United Press International  
ISLAMABAD, Pakistan — An Afghan raid across the frontier to seize weapons from Moslem rebels in Pakistan was part of a pattern of border violations timed with Pakistan's international contacts, President Mohammed Zia ul-Haq said Tuesday.

Pakistan issued a strongly worded diplomatic protest Tuesday to Afghanistan's chargé d'affaires.

The attack Monday was the first known Afghan ground assault into Pakistani territory. It came on the eve of the arrival of the U.S. undersecretary of state, James L. Buckley, to discuss \$3 billion in military and economic aid to Pakistan. In June, Afghan jets crossed the border and they also fired on a bus on the day before a visit by Mr. Buckley.

Gen. Zia said recent air violations and border intrusions by Afghanistan are incidents "we have to live with."

"There is a definite pattern to such violations and these appear to take place whenever there is an international move," he said.

His remarks were an apparent reference to Pakistan's efforts to upgrade its military capabilities and also to push for a political settlement of the 21-month occupa-

tion of Afghanistan by Soviet troops.

Gen. Zia said the violations were designed as a show of power by the Soviet-supported Afghan government, but he said Pakistan's policy is to "sort out these things on an international level."

[Reuters reported that Gen. Zia said Tuesday that Pakistan would take steps to defend itself against border violations by Afghanistan.

"Whenever there is any move or prospect of talks at the international level on the Afghan issue such violations take place, probably as a show of strength to create a situation for Pakistan."

[He said Pakistan was not a weak nation and it was fully aware of the motives behind the attacks. "Pakistan will take all necessary steps for its defense," Gen. Zia said.]

**Search for Weapons**

In a broadcast Monday, the official radio said 40 Afghan troops in two armored personnel carriers and two heavy trucks drove into Shah Killi village, 3.5 miles inside Pakistan, and conducted a house-to-house search for weapons.

Pakistani soldiers were rushed in from the provincial capital of Quetta, 60 miles to the southwest, but the Afghan troops withdrew with an unknown amount of arms captured in the village, the radio said.

The broadcast made no mention of any fighting or whether Soviet advisers accompanied the Afghan troops.

The raid occurred in the same area where two Afghan MiG-17 fighters attacked a civilian border post Saturday, wounding six persons, the radio said.

**Strong Sympathy**

Specifically, they hope that, as Mr. Reagan and Mr. Begin get to know each other during the visit, the president will be able to communicate the strong sympathy and support that aides say he has felt toward Israel since the Jewish state's founding in 1948. While they are not naive enough to believe this will change Mr. Begin's mind on AWACS, they hope a good personal relationship with Mr. Reagan might dissuade him from using his presence here as a springboard for taking the Israeli case directly to the American people.

Additionally, officials say, the Begin visit could prove of key importance to progress on another of the high-priority problems on the Middle East agenda — the long-deadlocked Egyptian-Israeli effort under the Camp David accords to find a formula granting some form of self-government to the Palestinians living in the Israeli-occupied West Bank and Gaza.

After their Aug. 26 summit in Alexandria, Mr. Begin and Mr. Sadat announced that the autonomy talks would resume — after a year-long recess — at a Sept. 23-24 ministerial session in Egypt. U.S. officials called this a "pleasant surprise" that could open the way to resolution of the most difficult issue in the Arab-Israeli conflict.

## Moscow Charges Union Aims to Seize Power

(Continued from Page 1)  
Union could be used to arrange high-level meetings with Kremlin officials.

**U.S. Charge on Exercises**

WASHINGTON (AP) — The Soviet military maneuvers near Poland "may be intended to intimidate the Polish people" and influence Solidarity's deliberations, a U.S. State Department spokesman said Tuesday.

Spokesman Dean E. Fischer also accused the Soviet Union of violating promises it made under the Helsinki accords.

He noted that Tass has said more than 100,000 troops are taking part in the maneuvers, and that is clear evidence of the Soviet

movement contended, among other things, that Polish workers had to take over the rebuilding of Poland's battered economy.

The Czechoslovak trade union paper Prace said: "Demagoguery, promises, haggling, disorientation will not fill the shops with goods or remove the long lines in front of them. Evidently, Solidarity wants to further intensify its disruptive activity."

In East Berlin, the Communist Party newspaper Neues Deutschland said that Solidarity contained "united elements that want to go for the throat of Socialism in Poland."

**Review of Economy**

PARIS (Reuters) — A task force of financial experts from Poland's leading creditor countries will review the state of the country's economy at a meeting with Polish officials Wednesday in Paris, diplomatic sources said Tuesday.

## French Leftist Group Claims Hotel Bombing

PARIS — A man claiming to represent the French leftist urban guerrilla group Action Directe claimed responsibility Tuesday for a bomb attack at the Intercontinental Hotel last month in which 18 persons were wounded.

In a telephone call to Reuters, the man said another bomb four times as powerful was ready for use if five comrades were not released from a Paris prison. The five are on a hunger strike to back demands for political status.

**East Bloc Criticism**

BUDAPEST (AP) — Solidarity gave no sign in a report at its congress that it wanted a partnership with the government, Hungary's Communist Party newspaper Nepszabadsag said Tuesday.

The union "alleges that the authorities have no will to surmount the deep economic and social crisis while in fact it is certain Solidarity leaders and groups rallying around them who keep hampering the tackling of the crisis," the newspaper said in remarks echoed by other Soviet bloc newspapers.

The Hungarian paper apparently referred to a policy report delivered Sunday in which the labor

**Bonn Parties Draw Apart**

(Continued from Page 1)  
chancellorship for Mr. Kohl, a situation that some of the party's other dukes and barons think they might be able to alter if they have another three years for maneuvering.

A Christian Democrat-led government would probably bring a firmer commitment to defense than under the present coalition and, at last on the verbal level, a better relationship with the Reagan administration. But West Germany's interest in trade with Eastern Europe, the fears of East-West confrontation that comes from its geographic position, and its need to at least attempt to perform independently in foreign affairs could hardly be changed.

**French Gaullists Move for Censure At Assembly Start**

PARIS — The National Assembly opened its autumn session Tuesday, and within the first hour the neo-Gaullist party presented a motion of censure against the government as the Socialist majority began work on its program.

The censure motion, calling for a debate on what the rightist party called the Socialist government's failure to cope with social and economic problems, showed that the neo-Gaullists intend to stake an early claim to being the leading opposition party. But the Socialists should easily defeat the motion in a vote expected next week.

The first month of assembly debate will include new rights for an estimated 4.2 million immigrants, abolishing the death penalty and curbing the powers of the central government by creating popularly elected regional councils.

In October, the assembly will tackle its two most difficult tasks — nationalizing major industries and banks and holding a full debate on France's ambitious nuclear power program.

## Iran Cancels Oil Contracts

(Continued from Page 1)  
meanwhile, ordered revolutionary courts to be set up in every town to intensify a crackdown on opponents believed responsible for the wave of assassinations.

In Paris, Mr. Bani-Sadr, in a message marking the "Black Friday" massacre of pro-Khomeini demonstrators by the late shah's troops on Sept. 8, 1978, Mr. Bani-Sadr said: "It is now proved to all nations of the world that the life of this foreign-backed regime is nearly over."

"We are now on the verge of victory and the role of the Iranian people is decisive. Join the resistance council. Remove the obstacles and push aside the dictators as fast as possible. . . . These people are not ruling, they are murdering."

Iranian exiles said 55 political prisoners were executed by firing squad Sunday and Monday and two more officials of the regime were murdered. The slayings, Tehran official in the state of Kermanshah, and Hamid Saemi, a state dairy chief, brought to four the number of officials slain since Saturday.

## WORLD NEWS BRIEFS

### Rao Says U.S., India Bitter Over Diplomats

United Press International  
NEW DELHI — Relations between the United States and India are in a "temporary phase of bitterness" caused by a disagreement over the appointment of diplomats, Indian Foreign Minister Narasimha Rao said Tuesday. He added, in remarks to Parliament, that India was "doing everything to avert friction."

India refused in July to accept George G.B. Griffin as U.S. political counselor in New Delhi. Prime Minister Indira Gandhi said Friday that India had information that Mr. Griffin, who until recently served in the embassy in Kabul, Afghanistan, was connected with U.S. intelligence services. After Mr. Griffin was barred, the United States rejected the appointment to Washington of Prabhakar Menon, an Indian career diplomat.

Mr. Rao said India's intention in barring Mr. Griffin's appointment "was to avoid the likelihood of friction being introduced into our bilateral relations with the United States, which we value and have always sought to strengthen."

### Foot Calls U.S. Administration 'Blind, Inhuman'

BLACKPOOL, England — British opposition leader Michael Foot attacked the economic policies of the Reagan administration Tuesday as "cold, blind, inhuman and imbecile," and said they were little different from the policies of British Prime Minister Margaret Thatcher.

The Labor Party leader told a conference of the Trades Union Congress, which represents 12 million workers, that the world had to "stop the nuclear arms race." Referring to U.S. and British economic policies, he said: "Reaganism has no more chance of success than Thatcherism. The only difference is that President Reagan practices it on a much bigger stage and therefore the consequences can be infinitely more serious."

In earlier debates, delegates at the annual conference blamed Thatcher economic policy for the riots in British cities in July, saying it had deliberately allowed joblessness to rise, and that the high unemployment was leading to violence among young people. The delegates adopted motions which said that increasing police powers in response to urban violence would worsen the situation.

### Irish Cardinal Condemns Killing of Policemen

The Associated Press  
BELFAST — Cardinal Tomas O'Fiaich, the archbishop of Armagh, Tuesday condemned what he called the "horrible slaughter" of two Protestant police officers by IRA guerrillas.

The two officers were killed when their car was blown off the road by a bomb, detonated by remote control from a hillside a quarter of a mile away near Cappagh, 12 miles (19.2 kilometers) from the border with the Irish Republic, police said.

"This act must be called by its proper name of murder," said Cardinal O'Fiaich, Catholic primate of Ireland. "Once again, I plead for an immediate end to this cruel and senseless carnage." One of the two constables killed, John Montgomery, was 19 and on his first day of duty after completing training. Mark Evans, 20, died with him.

### McDonnell Douglas Fined for Payments

WASHINGTON — McDonnell Douglas Corp. pleaded guilty in U.S. District Court to making illegal overseas payments and was fined \$1.25 million Tuesday.

The civil and criminal fines were levied after the corporation pleaded guilty making the payments to promote the sale of its wide-bodied jets.

The plea was part of an agreement between the corporation and the Justice Department that had been previously announced. In return for the plea the government agreed to drop criminal charges against four of the company's officials.

### S. Africans Arrest 205 Black Trade Unionists

JOHANNESBURG — In the widest South African police action ever taken against black labor union members, 205 persons from three unions were detained Sunday night in East London as they returned home from a meeting, the Rand Daily Mail reported Tuesday. Police are investigating charges against them under the Riotous Assemblies Act, according to police chief Charles Sebe.

The union members, including many skilled workers from factories in East London, were arrested in the Ciskei region and were held under a Ciskei security law that allows for three months' detention without trial, the newspaper said. Ciskei is one of the 10 black districts that South Africa calls "homelands."

East London, a major industrial and port town on the Indian Ocean, has been one of the fastest growing centers of a militant black labor movement. The arrests were the second major crackdown on trade unionists by the Ciskei authorities this year. In May, at least 57 union leaders and organizers were in detention for indefinite periods in Ciskei.

### Mitterrand Has Talks With Saudi Prince Fahd

PARIS — President Francois Mitterrand hosted Crown Prince Fahd ben Abdul Aziz of Saudi Arabia for lunch Tuesday and then had a long and cordial conversation with him, Minister of External Relations Claude Cheysson said.

Mr. Cheysson said the discussions centered on a visit Mr. Mitterrand will make to Saudi Arabia Sept. 26, his first official trip to another country since taking office May 21.

Official sources said Mr. Mitterrand and Prince Fahd also discussed the seven-point Middle East peace plan the Saudis unveiled in early August. While supporting the Camp David peace process, which the Saudis oppose, France believes that peacemaking in the Middle East should not be left to the United States and is ready to play a role in any future process should it be called on to do so, Mr. Cheysson has said.

## Gdansk Congress Backs Idea Of Free Unions in East Bloc

(Continued from Page 1)  
not," he said, "let's start a fund to buy our own transmitters and broadcasting stations." He was roundly applauded.

Of all the sessions taken Tuesday, the one that raised the prospect of immediate confrontation with the government was the demand for a national referendum on the question of worker self-management. No referendum has been held in Poland since 1946, when Communism was approved. Many historians view the results of that referendum as fraudulent.

The Sejm is considering two bills on self-management, one submitted by the government and the other supported by Solidarity. They differ greatly in the scope of powers they would give workers' councils, including the question of whether the councils could oversee hiring and firing of factory managers.

Last week, the Communist Party reaffirmed at a Central Committee meeting that it would not relinquish the right to make key personnel appointments. The system by which the party fills posts, called nomenclature, is one of the pillars of party control.

A test case on the issue is shaping up in the giant steelworks of Huta Katowice in the industrial south. Workers began voting there Monday in their own referendum on whether to dismiss the manager, Stanislaw Bednarczyk, who angered the union by shutting down its local publication. The referendum was held on Sept. 8.

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Iranian exiles said 55 political prisoners were executed by firing squad Sunday and Monday and two more officials of the regime were murdered. The slayings, Tehran official in the state of Kermanshah, and Hamid Saemi, a state dairy chief, brought to four the number of officials slain since Saturday.

## U.S. Reviews Saudis' F-15s

(Continued from Page 1)  
aircraft were approved, along with the five AWACS, for sale in April. At that time, a White House official said in a news briefing, that the "whole question of multiple-ejection bomb racks has been postponed."

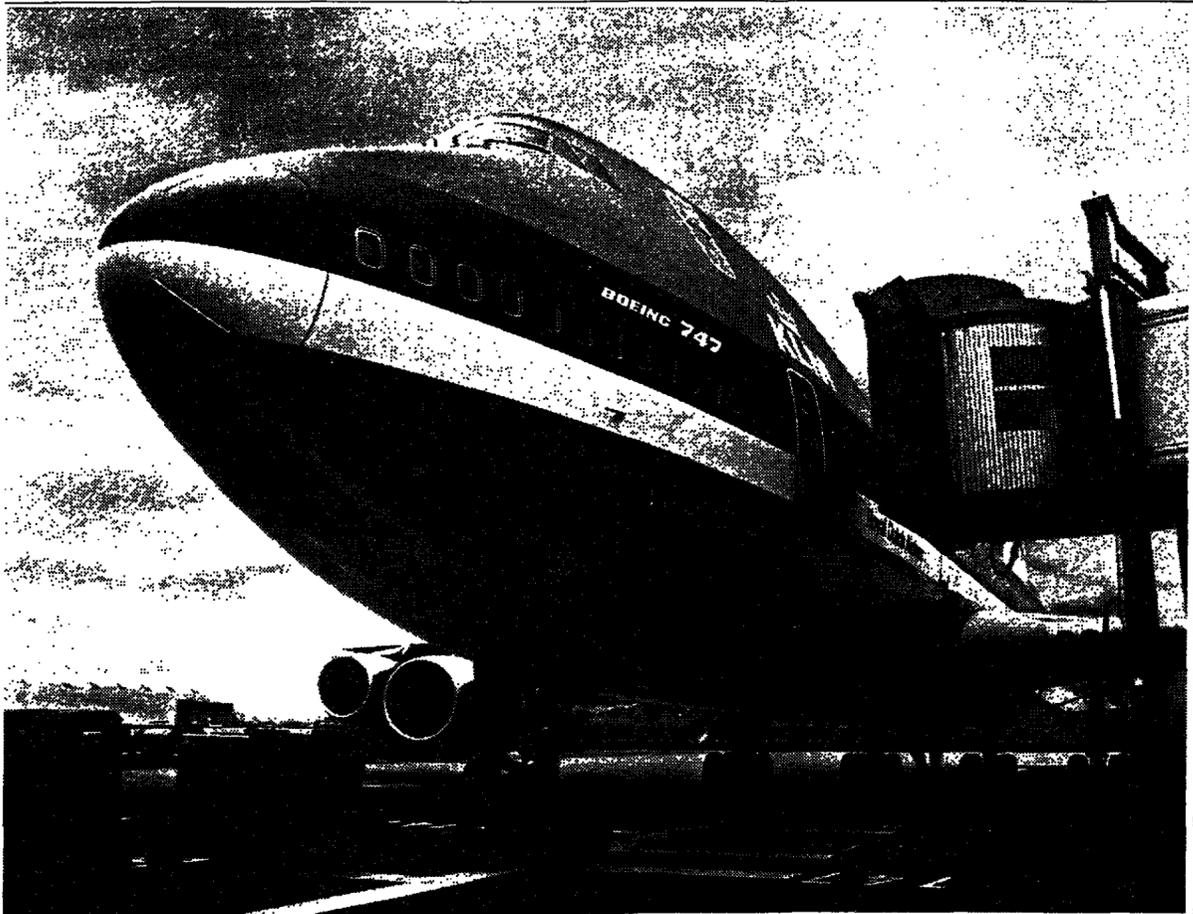
Subsequently, officials said, the interagency review committee on Saudi air-to-ground needs was appointed. "The review is just now getting under way," one official said.

"I don't think it will necessarily happen," the officials said when asked if there was any real possibility that the administration would try to sell the bomb racks a few months after Congress finishes a potentially bitter fight on the AWACS and F-15 fuel tank and tanker proposal.

## Australia Sets Inquiry Into Meat Mislabeling

The Associated Press  
CANBERRA — The government said Tuesday it would set up a royal commission to investigate the Australian meat industry. The decision follows the discovery of horsemeat in carcasses labeled as containing beef intended for U.S. markets.

Primary Industry Minister Peter Nixon said the government was determined to clear the industry's reputation.



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# Reagan Urged to Hold Line on Arms Budget

WASHINGTON — President Reagan, preparing to choose one of three Pentagon options to reduce defense spending, was given unanimous advice Tuesday by aides to "hold the line" on U.S. spending, a spokesman said.

The president, contacted for 75 minutes with his economic advisers Tuesday morning for an overall assessment of the nation's economy before deciding how deep the defense-spending cuts will have to be.

David R. Gergen, the president's assistant for communications, said Mr. Reagan felt that a deficit of \$42.5 billion in fiscal 1982, which begins Oct. 1, and a balanced budget in fiscal 1984 were certainly possible.

At the same time, Mr. Gergen said Treasury Secretary Donald T. Regan, who took part in the meeting, said that it is "very improbable" that the president would propose increases in excise taxes "anytime in the foreseeable future."

But Mr. Reagan told his advisers that he would stick to his campaign pledge that if faced with a choice between a balanced budget and spending that was needed to maintain national security, the balanced budget would have to go.

There was unanimous agreement that it was important to the country that increased defense spending and a balanced budget go hand-in-hand with a strong America, Mr. Gergen said.

Mr. Reagan said Monday of the defense-spending reductions, "I think there can be some cuts in every place." But lowered spending, he added, "does not mean there will be a retreat from our determination to rebuild the military."

On Monday, President Reagan said: "I think there can be some cuts in every place." But lowered spending, he added, "does not mean there will be a retreat from our determination to rebuild the military."

## German Sentenced as Spy

BERLIN — A military court in East Berlin on Tuesday sentenced Udo Harms, a West German citizen, to 15 years imprisonment for spying, the East German news agency ADN said.

## U.S. Studying Tax Increases As Way to Reduce Deficits

WASHINGTON — Reagan administration tax analysts are studying an array of controversial tax increases, including higher excise taxes on cigarettes and alcohol and limits on deductions for mortgage payments as ways of controlling the 1982 U.S. budget deficit, a high-ranking Treasury official said earlier this week.

Deputy Treasury Secretary Richard McNamar said in an interview Monday that he expects the administration to try again to get congressional approval for the U.S. government to levy higher user fees on owners of yachts, private aircraft and boats, and on other individuals and businesses that benefit from special U.S. services.

However, on Tuesday White House aide David R. Gergen said that Treasury Secretary Donald T. Regan, who took part in a meeting with President Reagan and his top advisers, told him that it is "very improbable" that Mr. Reagan would propose increases in excise taxes "anytime in the foreseeable future," The Associated Press reported.

President Reagan's proposal last spring to raise user fees by \$2.1 billion was abandoned in the face of opposition from special interest groups and their congressional allies, and, if anything, the opposition is entrenched even more deeply now. Other potential tax-raising proposals are just as touchy.

## Concern Grows

But growing concern in and out of the administration over the size of the deficit in the 1982 fiscal year, which begins Oct. 1, compels the search for increased taxes just weeks after approval of President Reagan's five-year, \$749-billion tax cut.

"We haven't been sitting here in August watching the financial markets decline and doing nothing about it," Mr. McNamar said. He added that no decisions on the makeup of a new tax bill have been made, and at this point the only safe prediction is that a new plan for user fees will be proposed early in the fall. "We are identifying our options," Mr. McNamar said.

Along with further reductions in U.S. borrowing, the "menu" of

our determination to rebuild the military."

Mr. Reagan met Tuesday with Vice President Bush, Budget Director David A. Stockman, Murray Weidenbaum, chairman of the Council of Economic Advisers; Commerce Secretary Malcolm Baldrige; domestic adviser Martin Anderson, and senior White House aides to get an update on economic developments.

The Pentagon options awaiting the president were characterized by Deputy Press Secretary Larry M. Speakes as "low, medium and high."

The Office of Management and Budget had suggested alternative spending reductions for fiscal 1983 of about \$4 billion to about \$10 billion and in fiscal 1984 from \$8.5 billion to \$17.2 billion.

Top Reagan aides have said the president is prepared to cut up to \$30 billion from the projected defense budget for those two years as part of a broader plan to further trim federal spending as he continues to aim for a balanced budget in 1984.

Mr. Stockman favors the larger cuts, but Defense Secretary Casper W. Weinberger wants his funds slashed as little as possible. Their disagreement has become public and bitter.

"No Bickering" There's not really any bickering, it loses something in translation, Mr. Reagan said Monday.

"Everybody's got their ideas and opinions and we openly debate them but I think you'll find there's a great sympathy and great accord among them. They'll all go for the decision."

The Pentagon sent a list of proposed spending cuts for 1983 and 1984 to top Reagan aide Edwin Meese 3d last Thursday, but Mr. Reagan did not see it. White House aides, apparently displeased by resistance in the military to demands for less spending, sent it back.

Mr. Speakes said the White House wanted more details on the impact of tighter spending. But another aide said the Pentagon responded to a request for advice on possible cuts with a "damage assessment" designed to show that any serious reduction would cripple the nation's ability to fight.

## Reagan Marks Labor Day In N.Y.; Unions Snub Him

By Lee Lescaze Washington Post Service

NEW YORK — President Reagan's cool relations with organized labor were highlighted here Monday as he participated in a by-invitation-only ceremony at Gracie Mansion, Mayor Edward Koch's residence, while thousands of union workers marked Labor Day with a march to which the president was not invited.

"Now, some of us have come from another Labor Day celebration, some have not. But next year we should all come back and march together," Mr. Reagan said as he presented the mayor with a symbolic check representing the \$85 million first federal payment for a new West Side six-lane highway project known as Westway.

"On a day like today we prove that the American people control their government," the president said of the controversial decision to build the highway. Mr. Reagan won union support here by pledging during his campaign to make the full \$5.8 billion federal payment if elected.

Some fired members of the Professional Air Traffic Controllers Organization protested outside Gracie Mansion's gates, but their chants could only be heard faintly inside and did not trouble Mr. Reagan or the other speakers.

Rhetoric and Politics The occasion was a mixture of Labor Day rhetoric and New York politics. Mayor Koch, having captured the nomination of the Republican Party as well as his native Democratic Party in his re-election bid, faces two primaries Thursday. He used Monday's rally to cement relations with his new Republican friends.

The invited guests were an unlikely combination of Republican politicians, Republican fund-raisers and representatives of those building trades unions that support the Westway project for its promise of thousands of jobs.

Mr. Reagan began his remarks with warm words for Mayor Koch. The president likened his effort to cut the federal budget to the mayor's reductions of New York spending following the city's near bankruptcy. There is one difficult thing about cutting expenses, Mr. Reagan joked: "The 'expenses' can vote."

Mr. Reagan said that "any worker knows a job is the best social program there is."

He predicted that his economic programs would bring a new age for American workers. "The key to everything we're trying to accom-

plish is jobs," Mr. Reagan said. He forecast that there would be 13 million more jobs by 1986, 3 million more than are expected because of normal growth.

"Our policy has been, and will continue to be, what is good for America, Mr. Reagan said, repeating words from his Labor Day message issued by the White House Sunday.

About 1,300 persons had been invited to witness the check ceremony on the steps of Gracie Mansion but only about half that number interrupted their holidays to attend.

The mayor marched on Fifth Avenue with the disappointingly small crowd of less than 100,000 union workers. He told the marchers, who were led by AFL-CIO chief Lane Kirkland, that it had been a mistake not to invite Mr. Reagan to join them. The workers responded with jeers.

## Albanians Assail 'Serb Inquisition'

VIENNA — Albania accused Yugoslavia Tuesday of political and economic discrimination against ethnic Albanians in Yugoslavia's southern province of Kosovo.

The union newspaper Puna, quoted by the news agency ATA, said Yugoslav authorities were waging an "inquisition" against Albanian culture in Kosovo, where 191 Albanians have been imprisoned for their part in separatist riots this year.

"The big Serb chauvinists carry out a real inquisition against our brothers. They close down schools, censor books, violate national feelings and suppress Albanian culture," Puna said.

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Two marchers in New York's Labor Day parade Monday dressed up in clown suits to demonstrate their opposition to President Reagan's handling of the air controllers' strike.

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# Texas Catholic Bishop Wages A-Arm Protest

By Kenneth A. Briggs New York Times Service

AMARILLO, Texas — In this hub of beef cattle and nuclear weapons production, the Most Rev. Leroy T. Mathiesen, bishop of the Catholic diocese here, has begun an unpopular, one-man campaign against the neutron bomb. It is a cause being espoused by an increasing number of American churchmen alarmed by the arms race.

Bishop Mathiesen, 60, last month called the decision by President Reagan to build the new bomb "the latest in a series of tragic anti-life positions taken by our government." The neutron bomb is designed primarily to kill tank crews with a lethal dose of nuclear radiation, instead of with blast effects.

He has asked workers at the nearby Pantax plant, which assembles all of the nation's nuclear weapons, to consider resigning, but so far none has done so.

'Collision Course' The bishop's stand adds to a growing outcry against nuclear arms by religious leaders in various parts of the country. Many, such as Bishop Mathiesen and the Rev. Billy Graham, the Southern Baptist evangelist, have emerged from religious traditions that have largely refrained from criticizing military programs.

"The U.S. government and a significant segment of U.S. religious — including Catholic — leadership may now be on a collision course over the moral implications of defense policy," said Russell Shaw, spokesman for American Catholic bishops.

"Unlike the Vietnam era, this does not involve simply a handful of pacifists pouring blood on draft files," he said. "Instead it concerns mainstream leaders of major denominations."

Bishop Mathiesen's statement has raised a ruckus here that is not expected to soon calm down. Beyond the fact that none of the 2,400 employees at the highly secret Pantax assembly unit has heeded the bishop's call so far, some Catholics have flatly disagreed with his stand.

Robert Gutierrez, an ordained deacon of the diocese who has worked 10 years at Pantax, has felt considerable pressure. Mr. Gutierrez acknowledged that he had done considerable soul-searching over his Pantax job for months and had decided he was doing nothing wrong. Further, he said, he would like to become an inactive deacon rather than give up his livelihood if the bishop should ask him to choose.

The new anti-nuclear movement has grown largely around a conviction spelled out in "The New Abolitionist Covenant," initiated by four leading Protestant and Catholic peace groups and published in Sojourners magazine, an evangelical publication.

"At stake is whether we trust in God or the bomb," the Covenant says. "We can no longer confess Jesus Christ as Lord and depend on nuclear weapons to save us.

Conversion in our day must include turning away from nuclear weapons as we turn to Jesus Christ."

But as the storm around Bishop Mathiesen shows, the movement faces formidable obstacles. The bishop's statement has been denounced by many elements of the Texas Panhandle population that appear to represent majority thinking.

The diocese itself covers 45,000 square miles of a territory whose people pride themselves on religious and political conservatism and set great store by advanced weaponry as a deterrent to Soviet Communist aggression. Pantax, which is operated by the Department of Energy, has a \$45-million-a-year payroll and is the area's second largest employer.

"The majority of people here," said Bill Cox, a local newspaper editor who opposed the bishop in a recent column, "welcome a tough stance."

Many others have rejected the bishop's views as naive and idealistic. Mayor Rick Klein of Amarillo said that he was shocked by his statement. He added that in his opinion the bishop had chosen "not to take care of church matters but to take care of politics instead."

Bishop Mathiesen said that he expected the criticism. He said he was pleased, on the other hand, with considerable support offered in phone calls and letters, many from distant parts.

Salvador Relies On Outside Aid, Mexico Chief Says

MEXICO CITY — President José López Portillo has accused the U.S.-backed junta in El Salvador of relying on outside aid to fight its own countrymen.

Mr. López Portillo, in a speech to the Labor Congress on Monday, did not refer directly to the United States, but said the civilian-military junta in El Salvador had "resorted to the worst extreme to which you can resort by asking for assistance from abroad, and that aid from abroad arrives precisely to support, to help, a country fight against its countrymen."

The Mexican president's sharp speech was in defense of the French-Mexican decision announced on Aug. 28 to recognize a coalition of leftist political groups and leftist guerrillas in El Salvador as a "representative political force."

Mr. López Portillo said his government was "referring to evident facts" and that it was wrong to accuse Mexico of intervening in another country's affairs.

Last Wednesday, nine Latin American governments issued a joint statement expressing "grave concern" at the French-Mexican decision to "intervene in the internal matters of El Salvador" in support of "subversive, extremist" groups.

Until recently, he said, he had been unaware of the full scale of nuclear activity at Pantax. He said he has been slow to come to his present position and estimated that 75 percent of the public vehemently disagrees with him.

The objection to the spread of nuclear weapons has come to encompass an unusual assortment of churches and individuals. Some members of the movement are pacifists, but many are not. Catholics and Protestants are working together and, in the Protestant camp, evangelicals are beginning to work with liberals.

The movement has been spurred in the past few months by a number of dramatic actions. One was the opposition of Mormons to basing the MX missile in Utah and Idaho. Many saw the Mormon po-

sition as a criticism of the whole system, although Mormon officials refuse to go that far.

Then the Most Rev. Raymond G. Hunthausen, Catholic archbishop of Seattle, aroused controversy by suggesting that Christians withhold 50 percent of their U.S. income tax as a form of nonviolent resistance to "nuclear murder and suicide."

The entrance of Mr. Graham into the cause of disarmament two years ago gave substantial impetus to the cause. Mr. Graham has spoken repeatedly about the need to limit arms and has had considerable influence on fellow evangelicals.

The Quakers have started a "New Manhattan Project," which seeks an arms freeze, an idea that has gained the support of hundreds of churches. Other church bodies, including the United Presbyterian Church in the U.S. and the Disciples of Christ, endorse the same principle.

Texas Official Calls Gov. Brown 'Idiot' on Medfly

SEATTLE — Reagan Brown, the commissioner of Texas agriculture, called California Gov. Edmund G. Brown an "idiot" Monday for his handling of his state's problems with the Mediterranean fruit fly.

"That moonbeam, that idiot out there they've got for governor. He's not any kin to me. I want to put that in the record," said the commissioner at a convention of Texas citrus and vegetable growers in Seattle.

"He had all the environmentalists ... and all the time he said his hands were tied trying to please all the elements. And all the time the medfly was threatening the food supply of this nation. It's the most damnable thing that ever happened," Mr. Brown said.

Gov. Brown has been criticized for allegedly being slow to order pesticide spraying against the medfly.

When reached at the governor's Los Angeles office, Gov. Brown's director of programs and policy, Lu Haas, said: "We haven't been responding to that idiot. He's another Texas idiot and we're not responding to him."

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Historians Say U.K. Relied on Nazis For Military Data on Russia in War

LONDON — Military information from the Soviet Union was so sparse during World War II that Britain, its ally, was forced to rely on decoded German battle messages to discover the positions of the Red Army, according to a new war history published Wednesday.

British security chiefs were "constantly bombarded" by the Soviet Union with requests for Allied war plans and estimates of German strength, the history says, but in return Moscow failed to supply regular intelligence reports.

Several historians were allowed access to secret documents to help in writing the new publication, the second volume of the Official History of British Intelligence in World War II.

They write that it was "particularly ironic" that the best source of information of Soviet troops positions came from cracked German codes.

According to the report, Britain complained at the highest level on three separate occasions that not enough information about the Soviet war effort was filtering through.

But London never mentioned to Moscow the lack of information received about enemy positions on the eastern front because of alleged shaky Soviet security and the fear that the Nazis would discover their codes had been cracked.

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Meurice Hotel in Paris: everything is new except the charm.

## El Salvador: A Tainted Ballot

Political solution: that is everyone's answer to the merciless civil war that has claimed as many as 20,000 lives in El Salvador. Even the Reagan administration has muted its January call to arms and now talks about a political settlement of a conflict that it correctly describes as "Salvadoran in nature." Then why is it so annoyed with France and Mexico for opening a new path to that very end?

The French and the Mexicans outline an approach requiring negotiations between the U.S.-supported junta and the diffuse opposition coalition known as the Democratic Revolutionary Front. That is by no means an extreme idea. Everyone knows there are genuine democrats and certifiable zealots on both sides of the Salvadoran divide. There could be real promise in a deal uniting the fragmented center while isolating the totalitarian extremes.

By recognizing the opposition front as a "representative political force," Mexico and France think they can hasten a cease-fire and an acceptable compromise. The administration thinks otherwise, and so do Venezuela, Colombia and Argentina, which have rallied to its side.

Possibly, as the administration insists, the French-Mexican initiative is unrealistic, a mere sop to left-wing opinion in both countries. But how realistic is Washington's notion of a political solution? The idea looks

fine: Let all Salvadorans go the polls next March and elect a constituent assembly as the first step to founding a democratic system. The trouble is that there have been "elections" for 30 years in El Salvador, and all have been tainted. As long as unregenerate security forces are in charge, democrats in the opposition will boycott the vote.

Their price for participation is a restructuring of the military, giving younger officers genuine authority. This is an option that the Reagan administration has ruled out; it fears that leaning on the military would weaken the anti-guerrilla campaign. So it sends advisers and helicopters to El Salvador, asking too little in return on all counts — moral, political and military.

It has been conventional wisdom in this poignant civil war that those who might negotiate a settlement do not control the contending armies. Up to a point, that is true. But the battle is deadlocked, and Washington no longer talks of quick and easy victory. The guerrillas, for their part, realize that should the tide seem to turn to their advantage they risk massive U.S. involvement. These are circumstances that strengthen the democratic-minded leaders in both camps.

If France and Mexico are willing to assume the risks of promoting a political settlement, why not let them try?

THE NEW YORK TIMES.

## Wrong Kind of Nuclear Power

The nuclear power industry is disintegrating. All around the United States nuclear plants are being delayed or canceled because demand for electricity is sagging while costs and regulation are soaring. A plant near Gary, Ind., has just been scrapped even after expenditures of \$200 million. Another in upstate New York is threatening to bankrupt one or more utilities. No new plants have been ordered in the United States since 1978.

Is all this good for the country? No, according to the Reagan administration, and the president is expected to announce soon a policy aimed at "revitalizing" this moribund industry. But if that statement is anything like the draft circulated by the White House science office, it will be twice flawed.

The proposed policy would do too little to ease the cost and safety problems of conventional nuclear plants — yet do too much to promote new nuclear technologies that are uneconomic and dangerously contagious.

The draft does propose one long-needed reform: streamlining the regulatory and licensing process. Safety regulations have become so cumbersome that they may actually undermine safety, according to a recent survey by the Nuclear Regulatory Commission. Each new safety device complicates the original plant design; each change in procedures confuses personnel. Needless regulation also imposes delay; it now takes a dozen years to build a nuclear plant. Streamlining is timely.

But that's the easy part. What about thorny questions, like how to strengthen the financial condition of the utilities? So far the administration ducks that one, leaving it to a task force for study. It says nothing about the deplorable lack of standardization, which means the safety of every new plant must be

evaluated from scratch. And the policy statement barely mentions safety problems, disingenuously leaving the impression that they have disappeared.

When it comes to advanced technologies, the administration seems recklessly eager to abandon the free market and to embrace, instead, subsidies for dubious projects. It endorses the decision to proceed with the obsolescent Clinch River Breeder Reactor. And it would help underwrite a commercial reprocessing industry that would accept spent fuel rods from conventional reactors and extract plutonium from them to provide more fuel.

When, some years ago, it was thought there might be a shortage of natural uranium, there may have been a case for government stimulating production of plutonium. But since fears of a shortage evaporated there has been little commercial interest in reprocessing or the breeder. With the existing industry in such trouble, it makes little sense to create another uneconomic nuclear facility.

Commercial reprocessing would also complicate efforts to control nuclear proliferation. The uranium burned in conventional reactors can't readily be used in weapons, but reprocessed plutonium can. And laser technology potentially would make that even easier. The civilian power program would then become the chief source of material for bombs.

The president's science adviser expects him to issue the nuclear policy statement after a bit of "fine-tuning." Some attention to the channel selector is in order first. For this to be a policy worthy of the name, the president needs to provide a far fuller explanation of how he proposes to meet the linked problems of nuclear power and nuclear peace.

THE NEW YORK TIMES.

## The Bond You Didn't Buy

The bond markets are in trouble. What's going wrong — and does it make any difference to anyone but bond traders? Suppose that, in a triumph of courage over caution, you buy a bond. Perhaps, like many, it was issued by a company that wants to build a new factory. It's a 20-year \$1,000 bond paying an interest rate of 15 percent a year. If inflation continues at 8 percent a year until the bond matures in 2001, it will then be worth, not the \$1,000 that you paid, but \$188.69 in today's dollars. That's what inflation does. It's not a very attractive proposition.

But maybe, instead, the inflation rate will fall to zero, and your interest earnings — \$150 a year, or \$3,000 over the life of the bond — will be worth as much in 2001 as they are today. Does that enormous return balance the enormous risk? Bonds were once bought only for solid security. You can see why they are now being bought increasingly by speculators who trade them whenever the market bounces for quick capital gains — or losses. To buy a bond is to gamble on inflation.

Suppose that, instead of holding your bond to maturity, you need the money and want to sell it. But perhaps interest rates have risen since you bought it, and similar bonds now carry a rate of 20 percent. That makes your bond worth only \$750, and you take a loss of \$250. A great many people have taken precisely that kind of loss in the rise of long-term rates that began last year and suddenly accelerated sharply this summer.

If the federal government's borrowing

needs rise unexpectedly, as they did this summer, the competition to borrow gets hotter. That's why interest rates jerk nervously upward with each new rumor and report of next year's budget deficit and the borrowing that will finance it.

Perhaps, on considering all of these possibilities, you decide that bonds are too speculative and you'd better put the money into fixing up the house instead. A lot of investors have made exactly that decision which, by taking money out of the markets, pushes interest rates still higher.

While the federal government is paying enormous interest costs, it is always able to sell its bonds. But what about the other long-term borrowers — industrial companies, the utilities and state and local governments? As the costs and perils of long-term borrowing rise, every kind of long-term investment becomes more expensive and difficult — power plants, factories, schools and libraries.

It's worth noting that the United States is the only country in the world that still has strong and active markets for long-term bonds. Elsewhere those markets have been destroyed by war and inflation; in those countries only the government can borrow for more than a few years at a time. The bond markets have been a traditional source of the money invested for the decades ahead. If inflation wrecks those markets now, with violent fluctuations in interest rates, the effects on U.S. development will be incalculable. There will be less money spent for the future, and more of it will have to come, one way or another, from the federal government.

THE WASHINGTON POST.

## In the International Edition

Seventy-Five Years Ago  
September 9, 1906

LONDON — The great race between Harvard and Cambridge universities has resulted in victory for the English crew from first to last. Never in the history of amateur rowing has such interest been shown. All along the course from Putney to Mortlake no trace of path could be seen; not a foot was unoccupied. The Harvard boys gave a most disappointing display and never rowed as they had been doing during their practice. They seemed to have no life or dash; they were rowing a shorter stroke than usual and gave the impression of being a demoralized crew. After the first minute they settled down to a steady paddle of 31 strokes a minute, though nearly a length behind. Cambridge won by two lengths.

Fifty Years Ago  
September 9, 1931

PARIS — Today's editorial in the Herald reads: "The inexcusable frequency of automobile killings has prompted the excellent suggestion that Congress appropriate money for the preparation and exhibition of moving-pictures illustrating the folly of carelessness in face of this constant peril. But this does not attack the evil in a sufficiently radical manner. Few people seem to take account of the fact that today millions of automobiles are rushing along country roads and city streets at rates of speed exceeding that of the ordinary local railway train. Would they tolerate that railway companies should in like manner usurp the almost exclusive use of our highways and byways?"

## Bonn's Art of the Impossible

By John Dornberg

MUNICH — If politics is indeed the art of the possible, then West Germany's politicians may be the greatest masters of all.

For all practical purposes, the have just demonstrated that it can be the art of the impossible.

There is no other way to describe the high-wire budgetary and fiscal act with which Chancellor Helmut Schmidt and Foreign Minister Hans-Dietrich Genscher managed to keep their shaky and brittle left-liberal coalition of Social and Free Democrats (SPD and FDP) together last week.

### Flagging Economy

How long it will last is another question, however, for never before has it been as transparently obvious that more divides than unites them. Though the autumnal equinox is still two weeks hence, the chill winds of fall are being felt by West Germany's body politic and the economy, and the even colder ones of winter seem not far off. They spell more trouble.

At issue during the past week of marathon Cabinet sessions and caucus meetings was the flagging economy and the 1982 budget, which Finance Minister

Hans Matthöfer and Economics Minister Otto Lambsdorff have sworn to limit to around 240 billion Deutsche marks (\$100 billion) while simultaneously incurring no more than 26 billion Deutsche marks in new debts to cover the deficit.

They came remarkably close, at least in the draft — 240.8 billion Deutsche marks and 26.5 billion Deutsche marks. Though it will be up to the Bundestag, returning from vacation this week, to put the stamp of approval on the plan and up to future events to determine whether the grand design can be implemented in practice.

Be that as it may, the trimming and curtailment of pet social schemes, pork barrel projects and various tax advantages, the proposed economic stimulants, and the revenue-raising trick of an increase in tobacco, champagne and spirits taxes — all promptly blasted as inadequate patchwork by the Christian Democratic (CDU/CSU) opposition — seem a model of how to displease some constituencies all of the time and all of them some of the time.

To call it a compromise would be generous. Rather, it reflects a last minute agreement on the lowest common denominator in order to keep the coalition together. Those points on which agreement could not be reached were simply set aside to tick like a time bomb that may go off next winter or spring when unemployment is expected to be considerably higher than the 1.3 million now.

### Give and Take

Who gave and who took more during all the long meetings is a question the politicians have been reluctant to answer. Indeed, the answer depends largely on which party spokesman and leader one is willing to believe.

All, however, were waxing with colorful smiles and optimistic metaphors.

The week was likened to "a cleansing storm that cleared the heavy murky air."

The coalition was compared with "any average family, any normal marriage, in which you're bound to have disagreements and friction. But who goes running off to file for separation and divorce?"

And the relationship between Mr. Schmidt and Mr. Genscher, which reached rock bottom at several points during the negotiations, was described afterward by both of them as "stronger and better than ever." Strong enough, so both

claimed, to go the distance until 1984 — "bearing unforeseeable circumstances."

Perhaps. But the illusion to "unforeseeable" circumstances is certain to whet the speculative appetites of those who have been writing the SPD-FDP coalition's obituary since it was re-elected a year ago.

That the obituaries have been premature thus far, though the break was so close during one late-night session last week that they were being set in type, is due largely to the fact that political power is a very strong glue — stronger by far than ideology or principles. But whether it will continue to withstand the centrifugal forces tearing at the coalition and within the SPD and FDP is less certain.

What last week's crisis demonstrated, and what has often been overlooked in day-to-day politics, is that there are fundamental differences between the two partners who have been governing West Germany for the past 12 years.

The FDP is a "liberal" party in the classical 19th-century, laissez-faire capitalist sense of the term, and the SPD, despite Mr. Schmidt's "manager image" and economic pragmatism, puts the emphasis on the word "social" in its name.

### Bright Future

To complicate matters, there are wings, factions and interest groups within each party.

As long as West Germany's economic future remained reasonably bright, the disagreements and differences were overshadowed by general agreement on other issues in such spheres as foreign policy, education and judicial reform. There Social and Free Democrats are more or less of one mind. But under the pressures of mounting government indebtedness and the recession that has gripped West Germany this year, the fundamental economic ideologies were destined to become a catalyst.

For months there has been a strong temptation for the FDP to jump ship and join forces with the opposition CDU/CSU, thus making a different Helmut Kohl — the chancellor of West Germany — in terms of power and ministerial posts. It would make no difference to the FDP. Everyone would remain in place. And apparently, the temptation was strongest last week for the party's most



Helmut Schmidt

conservative faction led by Mr. Lambsdorff.

But the move would entail enormous risks for which the FDP might have to pay at the ballot box in 1984. As the traditional tail-wagging dog of West German politics, it long had a tradition for fickleness which, in fact, it did not succeed in living down until last October.

The pressure to make the break last week was dictated by opinion surveys which implied that the price in terms of lost votes would not be serious.

In the crunch, however, it was the SPD which made the most concessions to keep the marriage going, with Willy Brandt, the party's chairman, describing them "at the very limit of what is still tolerable."

The question now is whether Mr. Brandt and Mr. Schmidt can marshal their own disparate forces within the SPD — by convincing them of real threats to the coalition and to their political power — in order to translate those concessions into legislation.

Much depends on their ability to convince the party that sharing power is better than no power at all. If the two leaders fail in that, the "unforeseeable" circumstances may be at hand.

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Hans-Dietrich Genscher

## On Serving Notice: Recalling the Incident at Agadir

By Geoffrey Barraclough

BURFORD, England — Seventy years ago, on July 1, 1911, a German gunboat anchored off the port of Agadir on the Atlantic coast of Morocco, and lighted a fuse that, three years later, exploded in World War I. After the Gulf of Sidra incident, it is worth recalling the Agadir crisis. No one expects historical parallels to fit exactly, but the similarities are too close for comfort.

### Compensation

The Germans in 1911 were not seeking a military confrontation, but they were smarting under a sense of frustration and a foreign policy in the doldrums. When they sent the gunboat Panther to Agadir, Wilhelm II, and his foreign minister, Alfred von Kiderlen-Waechter, were serving notice, as President Reagan and Secretary of State Alexander M. Haig Jr. were when they sent the Sixth Fleet to the Gulf of Sidra, that their presence could not be ignored. France, in 1911, was on the point of taking over Morocco. To preserve the balance of power, Germany at least had to have compensation.

Germany got compensation of a sort in the Congo, and by November the crisis was over. But its consequences were not. The Foreign Office in London, like the State Department today, was convinced that it was confronted by a worldwide conspiracy to upset the balance of power, and twice between July and October the British fleet was put on a war footing. British-German relations, strained already by naval rivalry, were damaged irreparably.

In Germany, von Kiderlen-Waechter's failure to win substantial compensation gave powerful encouragement to nationalist agitation. In France, a new government, alarmed by German pretensions, embarked on a policy of "national awakening." But more serious still was the reaction in Italy. When it became clear that France and Germany were executing a deal that would leave France in control of Morocco, the Italian premier, Giovanni Giolitti, decided that it was now or never, and on Sept. 29, Italy invaded Tripoli. Granted the logic of the balance

of power, Italy's action was predictable enough. It was also the decisive link in the chain of events. Tripoli, unlike Morocco, was part of the Ottoman Empire, and war between the Turks and Italy was a signal for the discontented nationalities in the Balkans to gang up on Turkey. A colonial dispute in Africa, where it might fairly easily be contained, had spread to Europe, where it could not be. The result was the Balkan wars of 1912 and 1913 and the aggrandizement of Serbia.

### A Signal

It was also the signal for a rapid acceleration of the armaments race. Austria-Hungary, aghast at the expansion of Serbia, determined to halt it at the first possible moment. Russia could not leave the Serbs in the lurch without destroying its own credibility, and Germany, calculating exactly when it would be overtaken by the Russian buildup, was already planning pre-emptive war. When the assassination of the Austrian Archduke, Francis Ferdinand, at Sarajevo on June 28, 1914, provided the occasion,

the incendiary material was piled high. German troops were hurried against Luxembourg and Belgium in a pre-emptive bid to encircle and eliminate France, and World War I began.

Looking back over the chain of events that began with the French dash to Fez in May, 1911, we can see that no government deliberately planned war. "How on earth do you think this happened?" exclaimed the disconsolate German chancellor, Theobald von Bethmann-Hollweg, raising his arms to heaven. But happen it did, and it could happen today.

The risk of a world conflagration arises not so much when a state deliberately provokes a general war — that is scarcely ever the case — but when the great powers' willingness to find peaceful solutions has been eroded by a growing sense of crises. In 1911, discontent, strikes, unrest were rife, and the question was: Which would come first, war or revolution? Today, perhaps, we have not reached that stage, but a world of great powers that sense themselves at

bay and increase their military potential to offset their declining status is combustible material. In the Reagan era this is a proposition worth considering.

### Perverse Individuals

The point, needless to say, is not to find villains, then or now. Modern conflicts began not — as people like to think — because perverse or ambitious individuals foment them, but because economic and political conditions generate the basis for conflict. Who is the modern equivalent of Von Kiderlen-Waechter? Which country is playing the role of Germany in 1911? These are trivial questions. But there are other similarities that are less trivial, and the most disturbing is the grinding logic of the system. That is why Agadir is a past that can too easily become a future — or possibly the end of any future.

Geoffrey Barraclough, is working on a book about the Agadir crisis. He wrote this article for The New York Times.

## Message to Democrats: It's Time to Stop Quibbling

By Robert Lekachman

NEW YORK — The Democratic Party deserved its losses in the 1980 election, and they will continue to lose unless they move clearly and decisively to the left.

The shift should involve the extension of benefits to the entire population and substantial changes in the institutions that deliver services.

Between 1976 and 1980, President Carter and Congress kept none of their promises. The federal government did not take over welfare. No progress was made toward universal health insurance. The monthly unemployment figures regularly contradicted the commitment to full employment embodied in the 1978 Humphrey-Hawkins bill.

Confronted by intractable inflation, the president sponsored a derisory set of wage-price guidelines instead of effective controls over key prices and wages.

Like a good Republican conservative, Mr. Carter in the spring of 1980 chose tight money and planned recession as a cure for inflation. The economy obediently slid into steep though mercifully brief contraction.

To many Americans, Great Society programs came to symbolize

federal overspending on far too many people who are enjoying idleness at the expense of hard-working neighbors in only moderately superior financial condition.

Ronald Reagan astutely exploited one available response to the Democratic record and the public mood. He promised to shrink the size of government and to eliminate as many Great Society novelties as possible. A man of his word, he has been delivering.

### Come to Grips

What should Democrats do? To begin with, stop behaving the way they did this summer. Quibbling over details while accepting the necessity of reduced appropriations for social programs is playing on Stockman turf. To tout a Democratic tax bill as superior to the Republican measure because more benefits would flow to the only people who make less than \$50,000 annually is to invite general derision. National median income slightly exceeds \$21,000.

Democrats must next come to grips with the inadequacies of the Great Society. Its focus upon minorities and the poor was barely

tolerable when times were good; the economy was expanding rapidly and tax reduction for the middle and working-class complemented benefits for low-income families.

As a times, the springs of altruism tend to dry up. Accordingly, effective liberalism will move toward generalization of benefits, universal instead of selective health coverage, for example.

Universal benefits are popular because the Reagan administration learned when it floated proposals to curtail Social Security pensions. Programs for poor people, by contrast, tend to be poorly administered and subject to some actual and a great deal of suspected fraud.

In Britain, the health services and public housing retain their popularity because the first is free and access to the second is general. The Great Society's failures teach a harder lesson about the limited capacity of private markets to deliver social services at reasonable cost. Nowhere has this been more obvious than in the health sector. Medicaid appropriations annually ballooned, partly because more low-income families received needed medical attention but also because hospital charges and physicians' fees steadily climbed much more rapidly than general inflation.

On the evidence, private enterprise is an inferior way to organize health delivery. Between 1976 and 1980 liberal Democrats wasted four years in which they might have explored alternatives to fee-

for-service physician care and hospitals in expensive competition — at public expense — to install the latest in medical technology.

Democrats will either cease to be a party devoted to completion of the welfare state or they will grapple intelligently with the major institutional alterations required to supply universal benefits at politically and economically acceptable costs.

In a society in many respects more conservative than our own,

Francois Mitterrand's Socialists are rearranging the French government and the French economy. House Speaker Thomas P. O'Neill Jr. could do worse than send a swarming party of the Democratic Study Group to France for a bit of inspiration.

Robert Lekachman teaches economics at Lehman College of the City University of New York. He wrote this article for The New York Times.



"Welcome to the Leisure Class."

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# Roy Wilkins, Ex-Head Of NAACP, Dies at 80

By Albin Krebs  
New York Times Service  
NEW YORK — Roy Wilkins, 80, the guiding force behind the National Association for the Advancement of Colored People for more than two decades and a major leader in the struggle for civil rights, died here Tuesday morning.

The grandson of a Mississippi slave, Mr. Wilkins was a politician, a statesman and an activist in the cause of civil rights. It was a cause to which he devoted nearly half a century, beginning when he was still in college and culminating in his forceful and productive leadership of the NAACP. A calm and reasoned man, Mr. Wilkins, while certainly not avoiding the limelight — presidents and governors sought his counsel on racial matters — eschewed words and deeds that would seem to cast him in the role of a firebrand. Because he believed in a racially integrated America, he fought the doctrine of separatism espoused by black militants with the same zeal that he had brought earlier to his battles with the dogmas of segregation and white supremacy. He did not hesitate, when he thought it would do any good, to take the civil rights fight into the streets. He was first arrested in a demonstration in 1944, and in later years he was a leader of rights marches that sometimes were violently resisted. But under his leadership, the NAACP used legislation and the courts as its chief weapons in the struggle for voting rights, integrated schools, fair housing laws, increased job opportunities and many other goals. During his tenure as a top official of the organization, membership rose from about 25,000 in 1931 to more than 400,000 in July, 1977, when he retired as the organization's executive director.

**Middle-Class Attitudes**  
Roy Wilkins was born Aug. 30, 1901, in St. Louis. When he was 4, his mother died of tuberculosis, and he and his younger brother and sister were sent to live with an uncle and aunt in St. Paul, Minn., where his uncle instilled in the youth the idea that in America blacks could get ahead but that to do so it was necessary for them to adopt middle-class white attitudes, which included getting a good education and living in a state of moral rectitude.

While at the University of Minnesota, from which he was graduated in 1923 with a degree in sociology and journalism, Mr. Wilkins became increasingly aware of the lynching of a black in Duluth. By graduation time, he had vowed to take part directly in the fight for black rights. He applied for a job on an influential Negro weekly, Chester A. Franklin's Kansas City Call, and soon found himself as the paper's managing editor. A campaign by the Call in 1930 against U.S. Sen. Henry J. Allen, described by Mr. Wilkins as "a militant racist," brought Mr. Wilkins to the attention of Walter White, executive secretary of the NAACP, who brought him to New York in 1931 as his chief assistant. "One of my first jobs was to go South to investigate conditions among Negroes who were working to rebuild the levees on the Mississippi River," Mr. Wilkins said.

**Newspaper Campaign**  
A campaign by the Call in 1930 against U.S. Sen. Henry J. Allen, described by Mr. Wilkins as "a militant racist," brought Mr. Wilkins to the attention of Walter White, executive secretary of the NAACP, who brought him to New York in 1931 as his chief assistant. "One of my first jobs was to go South to investigate conditions among Negroes who were working to rebuild the levees on the Mississippi River," Mr. Wilkins said.



Roy Wilkins  
... in 1972 photo.

"They made 10 cents an hour. I lived in the camps and earned 10 cents an hour."  
The experience resulted in his widely publicized 1932 report, "Mississippi Slave Labor." It was credited with bringing congressional action that improved conditions for blacks in the levee camps. In 1934, Mr. Wilkins succeeded W.E.B. Du Bois as editor of The Crisis, the official NAACP magazine, while continuing as a writer, lecturer and organizer for the association. In 1939, Mr. Wilkins became administrator of internal affairs, and on Mr. White's death in 1955, Mr. Wilkins became executive secretary, a title later changed to executive director. When Mr. Wilkins went to work for the NAACP in the early 1930s, lynchings were occurring at a rate of about 35 a year, they became a chief target of the organization.

**"Greatest Document"**  
Mr. Wilkins was the architect of the legal assault on school segregation that culminated in the historic 1954 Supreme Court decision that overturned the doctrine of "separate but equal" facilities in public education. He said the decision gave him his greatest satisfaction, because "it reaffirmed the constitutional rights of Negroes as equal citizens and was the greatest document since Abraham Lincoln's Emancipation Proclamation."

In later decades Mr. Wilkins sounded a progressively militant call. Testifying in 1963 in support of the public accommodations section of President John F. Kennedy's civil rights bill, Mr. Wilkins said: "The players in this drama of frustration and indignity are not commas or semicolons in a legislative thesis. They are people, human beings, citizens. They are in a mood to wait no longer, at least not to wait patiently and silently and ineffectively."

**Criticized Nixon, Ford**  
The rhetoric was militant, yet Mr. Wilkins continued to adhere to his belief that social justice could best be won by constitutional means. Mr. Wilkins was one of several NAACP officials to assert that President Richard M. Nixon had "turned back the clock on racial progress," and he lambasted President Gerald R. Ford for proposing legislation to restrict the power of the courts to order busing as a remedy for school segregation.

By the early 1970s Mr. Wilkins had to beat back several attempts within the NAACP to wrest leadership from him. Some younger members charged that he had outlived his usefulness in the movement. After acrimonious and sometimes public feuding over the organization's policies and problems, the ailing Mr. Wilkins retired in July, 1977.

# Japanese Are Speaking Out on Top Issues After Years of Silence, U.S. Panelists Find

By Henry Scott Stokes  
New York Times Service  
OISO, Japan — Naohiro Amaya represents a new force in Japan, someone who speaks his mind.

"Japan is seriously concerned with the United States policy which gives undue priority to Israel," according to Mr. Amaya. "Such a policy could easily bring down the hostility of the Arab world upon the free world" and cause "the collapse of the entire free world economy," he said at a conference here last week.

Mr. Amaya retired recently from Japan's powerful Ministry of International Trade and Industry after 33 years. He has been an architect of Japan's foreign trade policies since the early 1970s. Japan is unlikely to take a separate path from the United States in the Middle East, given U.S. pressure to stay in line. But Mr. Amaya's stand on Middle East policy — he supports "the noble cause of Arab nationalism" — is a departure for this country.

**Fading Reticence**  
The Japanese have just started to speak out on major foreign policy issues. A striking feature of the conference at which Mr. Amaya expressed his views, participants from both sides said, was that the Japanese actually took part in the debate.

Fourteen years ago, at the first of five so-called Shimoda conferences involving officials, scholars and business leaders from Japan and the United States, the Americans had difficulty in getting any expression of views on any subject from the Japanese. "We used to be troubled by the disinclination of the Japanese to speak," said Gerald L. Curtis, director of the East Asian Institute at Columbia University, after a discussion of Japanese military policy. "Today we had 10 Japanese speaking and the Americans were rather quiet."

**No Conclusions**  
The debate reached no conclusions; Americans said the Japanese needed to make a larger military effort, and the Japanese said they needed more time.

But the Japanese voiced a variety of opinions. "Why do the Americans feel obliged to provoke the Russians?" asked Mr. Nagai. Others said that 10 years from now the Japanese stand on military issues could change, with greater willingness to spend on the armed forces. And Premier Zenko Suzuki, in a speech closing the three-day conference, hinted that Japan would increase economic aid to South Korea — a concession to the United States. The Japanese press has reported that Japan will give considerably more than \$400 million to South Korea next year to finance education, an increase of perhaps five-fold from current levels.

Sen. John Glenn, Democrat of Ohio; Paul W. McCracken, a University of Michigan professor, and William E. Brock, the U.S. trade representative, flew to Japan with 34 Americans to take part in the conference, which was organized by the Japan Center for International Exchange and was backed by the Japan Society of New York.

Mr. Amaya's demand for recognition for the Arab cause may be a straw in the wind on future Japanese policy toward the Middle East, the source of 88 percent of the energy used in this country. "It is hoped that the United States will be able to persuade Israel to coexist with the Arab nations and specifically to self-control its extraordinary hard-line policy against the Arabs," said Mr. Amaya.

**equivalent of \$215 billion, a 5.7-percent increase from the current financial year ending next March, a ministry spokesman said.**

The Finance Ministry is expected to produce a draft budget based on the requests by the end of December for presentation to the Cabinet and then to parliament.

Informed sources said the ministry was unlikely to make radical changes, although it was possible the overall increase from the current budget year might rise to about 7 percent. This would still be below the 12.5-percent growth rate in the current year's budget, itself the lowest rate of increase since 1945.

Most agencies kept their 1982 budget requests to rises of between 1 and 3 percent. Exceptions were the Defense Agency, the Foreign Ministry and the Ministry of International Trade and Industry. The Defense Agency's budget request, reflecting pressure from the United States for Japan to bolster its military capability, was for \$11.2 billion, up by 7.5 percent.

# Suzuki Seeks 5.7% Budget Increase, A Postwar Low Despite Military Rise

**Review**  
TOKYO — Japanese Premier Zenko Suzuki's drive to reform state finances received a boost Tuesday with an announcement that the increase in next year's budget would be the lowest since World War II.

Finance Minister Michio Watanabe told the Cabinet Tuesday that requests submitted by government agencies for the 1982 financial year budget totaled the

# 1 Dead in Jet Collision On U.S. Aircraft Ship

**The Associated Press**  
MANILA — An A-7E Corsair fighter jet landing on the U.S. aircraft carrier Kitty Hawk collided with a taxiing F-14 Tomcat jet, pitching the \$17-million F-14 into the Indian Ocean and crushing to death a sailor working on the flight deck of the carrier, the Navy said.

The two pilots in the F-14 ejected Sunday and were pulled unharmed from the water, and the Corsair crew landed safely.

# Edwin A. Link Dies at 77; Inventor of Flight Trainer

**United Press International**  
BINGHAMTON, N.Y. — Edwin A. Link, 77, an aviation pioneer, died Monday after a short illness. Mr. Link, whose creations helped man fly in both sky and space, developed a number of mechanical flight trainers, aerospace simulators and lunar module mission simulators for the National Aeronautics and Space Administration.



Edwin A. Link  
... in 1973.

# OBITUARIES

tion. The first U.S. astronauts came to the Binghamton headquarters of Link Aviation Inc. to train.

According to his family, the Link flight trainer, which simulates flying conditions, has been used to train more than a half-million pilots since its invention in 1929. The flight simulator was used extensively in World War II to train pilots as the United States mobilized for the war.

Mr. Link also invented the diver lockout submarine, the first submarine to have an exit hatch for divers so they could perform work at great depths. He formed Link Aeronautical with his brother, George, in 1929, then went on his own with Link Aviation in 1935. He retired as chairman of the board in 1954 and as president in 1960. Link Aviation became a division of Singer Inc. in 1968.

**James S. Gallagher**  
LATROBE, Pa. (UPI) — Brig. Gen. James S. Gallagher, 88, who commanded the 395th Infantry in the Battle of the Bulge in World War II, died Sunday.

**Jerome Sidney Shoefeld**  
WASHINGTON (WP) — Jerome Sidney Shoefeld, 79, a retired editor with the Bureau of National Affairs and a founder of the American Newspaper Guild, now The Newspaper Guild, in the early 1930s, died Saturday of cancer.

# Hideki Yukawa

TOKYO (AP) — Hideki Yukawa, 74, a physicist who was the first Japanese to win the Nobel Prize, died Tuesday of acute pneumonia and heart disease at his home in Kyoto, his doctor said.

Mr. Yukawa was known worldwide for his contributions to the development of theoretical physics and won the Nobel Prize for physics in 1949 for his work on elementary particles.

Before World War II, he won international acclaim for his research on electrons. Electrons in cosmic rays, discovered later by other physicists, were named in his honor as Yukawa electrons or U-electrons. The Imperial Prize was conferred on Mr. Yukawa by Emperor Hirohito in 1946, and he received the Order of Decoration of Japan in 1943.

In 1948, while a professor of physics at Kyoto University, Mr. Yukawa went to Princeton University in New Jersey to conduct research at the invitation of J. Robert Oppenheimer. He also taught at Columbia University in New York.

A pacifist, Mr. Yukawa made his last public appearance in June when he joined a group of scholars and scientists in a statement demanding a ban on nuclear weapons.

**Ernest Chamberlain**  
SOUTH PASADENA, Calif. (UPI) — Ernest Chamberlain, 89, a reporter turned Socialist reformer who helped to found and direct the Meals for Millions Foundation, died Aug. 29, it was announced Monday.

Active in reform politics in Oklahoma, Mr. Chamberlain moved to California in 1937 and joined the movement that resulted in the recall of Los Angeles Mayor Frank L. Shaw and the reform of the city government. Later, Mr. Chamberlain and Henry Borsook, a biochemist, created a cheap, high-protein, coarse-grained food supplement to combat world hunger.

**Dean K. Clowes**  
WASHINGTON (WP) — Dean K. Clowes, 58, a deputy undersecretary of labor for international affairs from 1979 to 1981 and a former official of the United Steelworkers of America, died last Thursday.

# "I like Lufthansa."



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**Lufthansa**  
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# More U.S. Women Abusing Alcohol To Keep Up With Men, Study Finds

**The Associated Press**  
BOSTON — Alcohol abuse is a growing problem among American women, partly because working women try to match the drinking habits of their male colleagues, a psychologist says. Dr. Eleanor Z. Hanna, director of the alcohol clinic at Massachusetts General Hospital, has been heading a study for three years into American drinking habits.

"For some women the two-martini lunch is no myth," she said. "For others, the cocktail party has replaced the tea party. Among many female patients who come to our clinic, there is total naivete about their physiologic inability to tolerate as much alcohol as men."

"Failure of most women to realize that their tolerance for alcohol is much less than that of men poses a serious health danger."

# Pretoria Delays Trial of UPI Reporter Accused of Writing 'Alarming' Story

**Washington Post Service**  
JOHANNESBURG — The trial of the bureau chief of United Press International, Nathan Gibson, the first foreign correspondent to be criminally charged under South Africa's Defense Act, was postponed Tuesday until Oct. 5.

Mr. Gibson, 43, who made a brief appearance in a Johannesburg magistrate's court, is accused of having published a story about South Africa's military forces that was "calculated to alarm or depress members of the public."

The charges stem from a story Mr. Gibson sent in June, 1981, reporting that a local army commando unit had been called up to help police control black strikers in the town of Uitenhage. The facts of the story are not in dispute.

The decision to press charges against Mr. Gibson is seen as an attempt to exact more voluntary compliance from the foreign press corps with a law that up to now has not been aggressively enforced. A successful prosecution of Mr. Gibson would undoubtedly inhibit foreign reporting of events in South Africa, especially those dealing with unrest and disturbances in its nonwhite communities.

**Belgrade Airport Repairs**  
**The Associated Press**  
BELGRADE — Belgrade's airport will be closed five days for repairs starting Sept. 22.

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**Theater**

**Broadway Outlook: Thinking — and Hoping — Big**

By John Corry  
*New York Times Service*

**NEW YORK** — Start with what is unassailable, or at least as unassailable as anything on Broadway can be. Last season was not great; this season may not be either, but there is a chance, a hope, a stirring in the breasts of producers, that greatness, if not exactly thrust upon the season, at least will not be utterly beyond it.

Actually, all seasons look great before they begin, and it is the chance, the hope and the stirring that run Broadway as much as the theater owners, the critics, or even the William Morris Agency. The happy thing, however, is that this season really does look better than seasons past. You cannot be sure it will be better; you can only hope. But that, of course, is what Broadway does, too.

Consider, for example, "The Life and Adventures of Nicholas Nickleby," adapted from the novel by Charles Dickens. If it is nothing else, it will be the biggest spectacular on Broadway since "Jumbo" in 1935. In fact, it may be bigger. Yes, "Jumbo" had elephants and Paul Whiteman on a white horse, but "Nicholas Nickleby" has the whole Royal Shakespeare Company — 42 actors playing 137 characters in 375 costumes, with 100 wigs and 1,000 props. This is big! So is the ticket price: \$100 for any seat in the Plymouth Theater. Actually, it will be the same seat used twice. You will see "Nicholas Nickleby," which lasts more than eight hours, in two sittings.

**New Musicals**

Still, "Nicholas Nickleby" is really not what Broadway is all about. The big musical is really what Broadway is all about, and this season there is a new Harold Prince-Stephen Sondheim musical and a new Michael Bennett musical. (Yes, other people are involved in these musicals, but there is no justice in these things, and it is inevitable that they will be referred to as the new Prince-Sondheim and the new Michael Bennett musicals.)

"Merrily We Roll Along," based ever so loosely on a George S. Kaufman-Moss Hart play, is the Prince-Sondheim. Backward reeled the play, which was about a playwright and the price he paid for fame, going from the present to the past; backward will reel the musical when it opens on Nov. 1. The cast is made up of 26 young people, almost all unknown, but Partii Lupone wasn't a star until Prince directed her in "Evita," either.

The Michael Bennett is "Dream Girls," which Bennett will direct and co-choreograph. It is about some back-up singers who become stars on their own, and then are parted by success. No, Bennett insists, it is not about Diana Ross and the Supremes; it is, he insists, about

a whole lot of pop music stars. Well, maybe.

Other musicals are hovering about, too. This time last year, the smart money said that "Sophisticated Ladies" would be a disaster. So much for the smart money. This time last year, no one knew that Lena Horne even wanted to do a show. So much for inside information. Among the musicals preparing to come in are the revival of "Camelot," which is now on the road with Richard Harris, who replaced Richard Burton when he fell ill; "Jolson Tonight," with Larry Kert, and "Satchmo," with Ben Vereen. "Jolson Tonight," of course, is about Al Jolson, while "Satchmo" is about Louis Armstrong. Gene Kelly, on Broadway for the first time since he direct-

Rogers, and his dresser, played by Tom Courtenay, and the conflict and intrigue between them.

The other London entry is Tom Kempinski's "Duet for One," blessed, however, not with British actors, but with Anne Bancroft. It is about a musician stricken by a crippling disease and her psychiatrist, and it will be directed by William Friedkin, who ordinarily directs movies. Max von Sydow will play the psychiatrist.

Last season was celebrated for its women stars: Elizabeth Taylor, Lauren Bacall, Lena Horne, all of them movie stars before they were Broadway stars. This season, besides Bancroft (who was a Broadway star in "Two for the Seesaw" before she became a movie star) there will be Katha-

This is a symptom of the Broadway hooping shortage, although this season the shortage is afflicting musicals more than it is plays. Still, if "A Talent for Murder" is a hit, either it or "West Side Waltz" must find a different theater.

Woodward will star in Shaw's "Candida," opening Oct. 15 at the Circle in the Square. Michel Croisier, who wrote "The Shadow Box," will direct, which he also did when Woodward did the play at Kenyon College. Later in the season, Nicol Williamson will be at Circle in the Square in a production of "Macbeth."

The other Shakespeare this season will be "Othello," with James Earl Jones as Othello and Christopher Plummer as Iago. This is the American Shakespeare Theater production directed by Peter Cox. It is supposed to arrive on Broadway in March.

Roy Dotrice, meanwhile, will star as Pope Pius VII, kidnapped by Napoleon, in "Kingdoms." Armand Assante, who played opposite Geidie Hawn in the movie "Private Benjamin," will play Napoleon. "Kingdoms," by Edward Sheehan, who is new to Broadway, will be directed by Tony Givoni, the associate artistic director of the Circle Repertory Theater off-Broadway. It is to open early in December.

**Prize-Winner to Move**

"Crimes of the Heart," which won the Pulitzer Prize this year, even though it was never closer to Broadway than the Manhattan Theater Club on East 73d Street, will open at the John Golden on Nov. 4. The play by Beth Henley is about three sisters in a small town in Mississippi, one of whom just shot her husband. The sisters will be played by Mary Beth Hurt, Mia Dillon and Elizabeth MacKay.

Tom Griffin's "Einstein and the Polar Bear," with Peter Strauss as a reclusive novelist who lives in New England, will open on Oct. 21. Jules Feiffer's "Growwups," a great success when it was done earlier this year in the unlikely confines of Harvard University, will open on Dec. 3. "Einstein," "Growwups" and "Duet for One," not to mention a revival of the musical "Little Me" and goodness knows what else, will be produced or co-produced by Emanuel Azenberg. Azenberg will be even more ubiquitous than, say, Joseph Papp sometimes is, only shyer.

Bill C. Davis' "Mass Appeal," with Milo O'Shea and Eric Roberts, will open on Oct. 28. The director is Geraldine Fitzgerald. The play, about a priest and a seminarian who do not get along, was greatly praised when it was done at the Manhattan Theater Club last year.

Other productions, some of them from off-Broadway, some of them from regional theaters, will open on Broadway too. You cannot be certain, of course, but hope springs, and there does seem to be promise.

**Shows to Watch For**

"A Talent for Murder," by Jerome Chodorov and Norman Panama, with Claudette Colbert. Opening Oct. 1.

"Nicholas Nickleby," adapted from the Charles Dickens novel and performed by the Royal Shakespeare Company. Oct. 3.

"Candida," George Bernard Shaw's comedy, with Joanne Woodward. Oct. 15.

"Einstein and the Polar Bear," by Tom Griffin, with Peter Strauss and Barbara Hershey. Oct. 21.

"Mass Appeal," by Bill C. Davis, with Milo O'Shea and Eric Roberts. Oct. 28.

"Merrily We Roll Along," music and lyrics by Stephen Sondheim, book by George Furth. Directed by Harold Prince. Nov. 1.

"Crimes of the Heart," by Beth Henley, with Mary Beth Hurt, Mia Dillon and Elizabeth MacKay. Nov. 4.

"The Dresser," by Ronald Harwood, with Tom Courtenay and Paul Rogers. Nov. 5.

"The First," with book by Joel Siegal, music by Robert Brush and lyrics by Martin Charnin, who also will direct. Nov. 12.

"The West Side Waltz," by Ernest Thompson, with Katherine Hepburn and Dorothy Loudon. Around Nov. 26.

"Growwups," by Jules Feiffer, with Bob Dishy. Dec. 3.

"Dream Girls," directed by Michael Bennett, with book and lyrics by Tom Egan and music by Henry Krieger. Dec. 27.

"Little Me," with a book by Neil Simon, lyrics by Carolyn Leigh and music by Cy Coleman. Dec. 29.

"Duet for One," by Tom Kempinski, with Anne Bancroft and Max von Sydow. Jan. 7.

"Othello," with James Earl Jones and Christopher Plummer. March.

Note: Opening dates are subject to change.

ed "Flower Drum Song" in 1958, will direct "Satchmo." Meanwhile, "The First," the musical based on the life of Jackie Robinson, will open on Nov. 12. It will be directed by Martin Charnin, who also wrote the lyrics.

Nonetheless, no matter how seriously a musical is intended (and God knows how people bleed over them) it is by the play, not the musical, that Broadway measures its loftiest intentions. This season there are more plays, and while this does not necessarily mean that Broadway is more serious, it may mean there will be fewer essays saying it is frivolous.

"The Dresser," a British play by Ronald Harwood, is opening on Nov. 5. Some seasons are rich in British plays (there has never been a season rich in British musicals, not even in London) but this season is not one of them. Still, there is "The Dresser," which was a success in London last season. It is about a Shakespearean actor, played by Paul

Heppburn, Claudette Colbert and Joanne Woodward. Unquestionably, Heppburn is a grande dame; unquestionably, Colbert is not. This is not a matter of talent, but of temperament. Colbert would be uncomfortable as a grande dame. Woodward has years before she decides.

Heppburn, along with Dorothy Loudon, will appear in Ernest Thompson's "The West Side Waltz." Heppburn will play an eccentric pianist and Loudon an eccentric violinist, both of whom live with a lot of other eccentrics in a hotel on the Upper West Side. Colbert, along with Jean-Pierre Aumont, will appear in "A Talent for Murder," by Norman Panama and Jerome Chodorov. Colbert will play a rich and famous mystery writer, living on an estate in the Berkshires.

"A Talent for Murder" is to open at the Ethel Barrymore on Oct. 1. "West Side Waltz" is to open at the Ethel Barrymore toward the end of November.

**Personalities**

**Stanley Cramp and the Queen's Garden of Birds**

By Ian Woodward  
*International Herald Tribune*

**LONDON** — The nameplate on the left of the main door in Gray's Inn Road, directly opposite The Times, reads: "West Palearctic Birds Ltd." Upstairs, on the second and third floors, the world's most expensive bird book takes shape.

In a large, tidy, but somewhat cheerless third-floor office sits editor in chief Stanley Cramp, 67, white-haired, white-moustached and gray-suited. He might be your average friendly bank manager.

But Stanley Cramp is not a desk man. When he is not keeping a check on bird life in Buckingham Palace Gardens you could find him bird-watching with a gun on his back in Iraq or campaigning in Brussels for the right of thrushes to fly across Italy and France without fear of being netted or shot down and ending up in a stewpot.

**The Queen and I**

Some years ago he was part of a team of naturalists carrying out a five-year survey of the palace gardens. He recalls: "The queen said, 'I want to know what the wildlife consists of, and in what numbers, in Buckingham Palace Gardens.' I became part of a team."

"Since then, Her Majesty has allowed me to keep up the work, to maintain a check on things in the palace gardens and to see if there are any changes in the bird population."

The big difference between the palace gardens and London's parks is that the gardens are not disturbed. The palace's 40 acres are a conservation oasis, free from noise, people and egg collectors.

"During the summer months," Cramp said, "I've been checking which species are nesting and

He left his job as a customs officer in 1970 to launch what is the most ambitious publishing project of its kind — a sort of Encyclopaedia Britannica of the bird world, describing 750 species. Ranging from £30 to £45 a volume, it promises to be the costliest as well as the most comprehensive. The final volume (Passerines) is expected in the shops in 1989.

**Difficult Business**

Producing the "Handbook" has been a difficult business. It took four years to raise the money to start publishing and another seven years of planning and editing to get the first volume printed.

It has also been dangerous. "I try to visit most of the countries covered by the 'Handbook,'" he explained, "because sometimes that's the only way to get precise distribution figures for certain species."

"Syria, Iraq and Lebanon are now dangerous places for anybody with field glasses. I went to Libya not so long ago but I'd hate to go again now, simply because anyone with field glasses is automatically a suspicious person."

The Common Market mean-

time, is backing the "Handbook" because it provides such detailed and meticulously researched statistics of bird population figures — and because of its emphasis on conservation. Cramp's book, "Bird Conservation in Europe," is already a standard text, translated into five EEC languages.

As the EEC's Director of Bird Conservation, the remaining corners of Cramp's life are filled with his campaign to protect the birds of Europe. With EEC governments he has drawn up a statute to enforce uniform bird-protection laws throughout the community.

"It really amounts to bringing bird-protection standards up to those of Britain, Germany and Holland," he said. "When it comes in later this year it will ban all the unselective trapping and netting of birds. The netting and mass-slaughter of thrushes for food in France will end. The Italians, who shoot almost anything that moves, will be severely prosecuted if they persist."

For Cramp, birds take up not just the whole of his life — they are his life. He first started bird-watching in his native Cheshire when he was 14, and he has been doing it ever since.

"I can usually get equally excited about wolves and hyenas," he admitted. "But birds will always be my great, all-consuming passion. Their appeal? To me birds are intensely alive. They live at a greater metabolic rate than we do."

**'Terrific Display'**

"We could learn much more from them. A bird will rarely fight to the death another bird of the same species, yet man kills his fellow men and women."

"Birds will normally do a terrific display, and the weaker one gets the signal and moves off. Very occasionally robins kill one another, but on the whole birds solve their problems without recourse to slaughter."

His ambition now is simple. "I want to finish the 'Handbook.' I want to see the last four volumes through the press. Then I think I'd be old enough to retire."

He smiled to himself. "Actually," he said, "bird-watchers are like actors. They never retire."

"Complete bliss," he reflected, "is being in the field and either seeing a new bird or one which you've not seen before."

**Entertainment**

**Spectacles Brighten the Streets of Rome**

By Victor I. Simpson  
*The Associated Press*

**ROME** — Renato Nicolini hasn't thrown anybody to the lions. But he is giving Romans and their summer visitors a series of spectaculars ranging from bare-breasted dancers to an open-air film festival alongside the ruins of the Colosseum.

youthful vendors who sell ice cream, sandwiches and soft drinks on the streets at night despite opposition from bars and restaurants.

"They are providing a service, and it's a good way of keeping down unemployment among young people."

Nicolini's biggest success has been his revival of the summer festival in a

# Continuing Resilience of U.S. Economy Could Complicate Reagan Recovery Plan

By Thomas L. Friedman

New York Times Service

**NEW YORK** — Despite near-record interest rates, the U.S. economy appears to be rebounding, according to several government and private-sector economists. The economy's considerable resilience this quarter, they said, could complicate President Reagan's economic recovery program.

Leading economic forecasters predict that U.S. gross national product will register either a slight increase or a very modest decline for the months of July, August and September — an indication that the economy, while not soaring, is much stronger than widely assumed.

The fact that the economy has not plunged into recession under the weight of 20-percent interest charges, they said, is largely the result of continued growth in the energy, high-technology and defense sectors, coupled with the increasing ability of consumers and businessmen to cope with high-cost money — at least for the short term.

The economists warned that the limited strength of the economy as gauged by the GNP is not necessarily good news for the administration. They said it makes it all the more important that the president reduce the level of government spending now, before his tax cuts really spur the economy and boost demand for money in the months ahead.

The Conference Board, a business group, warned Tuesday that the U.S. budget deficit may range between \$5.7

billion and \$62.5 billion in fiscal year beginning Oct. 1, Reuters reported.

[The projection is well above the \$42.5-billion estimate of the administration, but is in line with those of credit-market analysts, many of whom worry that a large deficit will maintain the upward pressure on interest rates.]

### 'The Worst Combination'

Otto Eckstein of Data Resources Inc., an economic forecasting firm, said "Reagan seemed to be planning to put the economy through the ringer this year so that in 1982, with the big tax cut, there would be a recovery in time for the House elections. But the economy has refused to lie down. Even with the high interest rates, wages and spending are still on the rise."

"With the tax cuts due to take effect next year," Mr. Eckstein said, "the government has to make room for a surge in private-sector spending by bringing its own budget down. Otherwise, you are going to have a continuation of high interest rates and high inflation, which would be the worst combination of all."

The potential for a full-scale clash between a prematurely rebounding economy and a Federal Reserve intent on monetary restraint was also cited by Donald Ratajczak, director of the economic forecasting project at Georgia State University.

"We did not get the third quarter 'correction' that economists predicted," he said. "Consumer spending and credit demands remained high. That, plus the large government borrowing, was the

one-two punch which knocked out the bond markets. If the fourth quarter comes roaring in now, and the Reagan budget doesn't come down, we are going to see the prime rate hit 25 or 26 percent."

An informal survey of economic forecasts for the third-quarter GNP, revealed a fairly narrow band of predictions, all of which signaled an increase from the second quarter, when the GNP adjusted for inflation slipped by an annual rate of 2.4 percent.

### Flash Report Awaited

Lawrence Chimerine, chairman of Chase Econometrics, said he foresees a decline in third-quarter GNP of 1 percent on an annual rate, while Mr. Eckstein pegged the decrease at 0.8 percent. Forecasts of an increase ranged from Mr. Ratajczak's prediction of a "slight rise" to that of Lacy Hunt, economist at Philadelphia's Fidelity Bank, who sees a jump of 2 percent. Many other economists forecast no growth, but no decline either.

The official GNP figures for the third quarter ending Sept. 30 will not be released by the Commerce Department until Oct. 21, but a preliminary estimate, called the flash report, should be circulated by next week.

The economists said that their projections of a relatively stable third quarter were based on the assumption that the decline in the interest-sensitive areas of the economy, such as housing, would be offset by the steady growth in consumer spending. The Commerce Department reports that continuing expansion in the

energy, mining, high-technology and defense industries has also helped to keep the overall economy relatively stable.

"On balance," said Theodore Torda, acting chief economist for the Commerce Department, "we expect to have some pluses and some minuses, so the exact (third quarter) GNP figure is probably too close to call. But I think the fact that the indicators are not pointing to a plunging economy, even in the face of high interest rates, is an indication of how much it wants to grow."

Like most of his colleagues, Mr. Torda said that whether the final GNP total ends up on the plus side or the minus side will depend largely on two categories that are still too close to call: Inventory accumulation and the trade balance.

### Learning to Cope

The speed at which industry and businesses have been building stocks has slowed in the past three months, and the auto industry has seen an outright reduction, Mr. Torda said, but he added that it is too early to predict the overall inventory numbers.

The same is true of the balance of trade. Import charges have fallen in July and August thanks to lower oil import bills, but exports have been hampered by the recent appreciation in the dollar, Mr. Torda said.

The Commerce Department said Tuesday that the appreciation of the dollar will add about \$2.6 billion to the merchandise trade deficit during the 1981 second half, Reuters reported. The department said it had revised its forecast

for 1981 from a modest narrowing in the trade deficit to a widening of several billion dollars.

The economy's refusal to bow to high interest costs owes much to the fact that both consumers and industrialists are learning by a variety of means to cope with 20-percent money, the economists said. Whether through the innovative financing techniques introduced by the real estate and auto industries, or by means of an underground economy, people are staying in business and spending their cash.

"We tend to think of interest rates levels as entirely negative," said Jack Lavry, chief economist for Merrill Lynch Economics, which is predicting an 0.8-percent decline in GNP for the third quarter. "But those same interest rates have contributed tremendously to the growth of personal income and have helped to keep consumer spending at high levels."

One way industry is adjusting to the higher interest rates, said Paul Harmon, chief economist for Arco Inc., the steel company, is by substituting labor for capital. He said that major manufacturers, such as Arco, are discovering that at the present cost of money it is cheaper to hire more labor than to pay for new equipment and the energy to run it. This, he argued, is one of the reasons levels of employment, and consumer spending, have been remained steady. It may also account for reduced productivity.

"There is no question that people are learning to cope with high interest rates," noted Norman Robertson, chief econo-

mist for Pittsburgh's Mellon Bank, which sees GNP for the third quarter remaining relatively flat. "If anyone had said to me six months ago that we would have a 20-percent prime for this long I would have predicted catastrophe. In fact it's crushed home building, but not much else."

"The danger though," he added, "is that a lot of people aren't really coping with the high rates but just hanging on, hoping that they will come down soon. We may be like the Titanic, sailing along on waters that look clear until we hit the iceberg."

### Purchasing Agent Survey

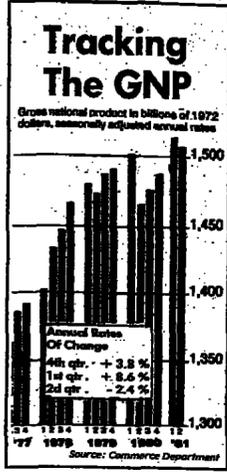
**NEW YORK (NYT)** — According to survey of 225 industrial company purchasing managers, selected metals, chemicals and paper products were up in price in August. However, the National Association of Purchasing Management's latest monthly survey indicated that aluminum, wheat, corn and fuel, including gasoline, generally declined in price.

The trade group, which has been conducting the survey since the 1930s, said its figures indicate that the economy "is declining, but at a slightly lower rate than July."

The metals that the managers said rose in price were copper, lead and steel.

The survey stated that managers turned cautious last month and more and more bought materials on a shorter-term basis to keep inventories low.

The report noted that inventories dropped again last August, although not so sharply as in July.



Despite near record-high interest rates, most economists say the economy has coped well and that there will not be a drastic change in the GNP in the current quarter.

## Yamani Sees No Price Rise For 'Years'

From Agency Dispatches

**LONDON** — Sheikh Ahmed Zaki Yamani, Saudi Arabian oil minister, said in an interview published Tuesday his country will not increase its oil prices for "years" and predicted OPEC's collapse in the early 1990s if current price and production trends are not reversed.

"Within the next few years, there seems to be no factors of any kind which will allow the kingdom to increase its oil prices," he said in the interview published in Ashraf Al-Awsat, a London-based Arab newspaper.

"Such an action would be suicidal and a sacrifice of the real interests of the kingdom and we will have to pay a costly price in the future for it." He said a price rise could also cause the "collapse" of OPEC.

Price reductions in response to the glut, whether publicized or made secretly, had driven down the average OPEC price by more than \$1 in the last three weeks alone, Sheikh Yamani said. He said the average was now just under \$33 a barrel. It was above \$35 in January.

He said the glut might force prices below Saudi Arabia's rate of \$32 — the OPEC floor which he has said the Saudis will defend through cuts in oil production. The Saudis reportedly cut their output by 10 percent a week ago.

The Saudi minister said Nigeria, which led the current round of price cuts by offering a \$4 discount on Aug. 26, was about to make a further, secret price reduction of about \$1 by trimming royalties and taxes paid by oil companies.

A North African country had already used this method of price-cutting, he said. Sheikh Yamani did not name the country but OPEC's North African members are Libya and Algeria, both charging top rates around \$40.

Sheikh Yamani said exporters were also using other methods to disguise price cuts.

They could offer to barter oil for goods valued at an artificially high price, thus giving the consumer an effective discount on the oil, Sheikh Yamani said, adding that Japan and India were among countries to have been offered deals.

They could also extend credit periods in which buyers must pay for oil from 15 or 30 days to three or six months.

Sheikh Yamani said he saw "merit" in arguments by other countries in OPEC that Saudi Arabia harmed its colleagues through its policy of increasing production and keeping prices low. But he said Saudi Arabia was only honoring OPEC price agreements.

"Those countries should, therefore, go back once again to the price determined by OPEC and then their production would increase," Sheikh Yamani said.

He said the oil glut made any talk of using oil as a political weapon "unrealistic."

## Tenneco Claims Major Oil Find In Tunisia

Reuters

**HOUSTON** — Tenneco said Tuesday its Houston Oil & Minerals subsidiary has made an onshore oil discovery near Sfax, Tunisia.

It said the number one Guebiba well flowed 1,455 barrels of oil a day at depths near 9,000 feet. Tenneco noted additional drilling and testing will be needed to determine the significance of the discovery.

Tenneco said its 100-percent working interest will revert to a 49-percent interest with 51 percent held by Etap, the Tunisian state oil company, if the well is deemed commercial.

## BUSINESS NEWS BRIEFS

### Occidental Petroleum Makes Offer for Zapata

**HOUSTON** — Zapata Corp., the Houston-based offshore drilling and marine service company, said it received an unsolicited merger proposal from Occidental Petroleum. The offer is worth an estimated \$756 million.

Zapata said Occidental proposed converting each of Zapata's 21.19 million common shares into 0.6904 Occidental common shares — worth an estimated \$382 million — and 0.1804 shares of a new Occidental voting nonconvertible preferred, which would pay a dividend of \$14.625 a year and have a redemption value of \$100 a share. Zapata chairman John Zackin said the offer would be given consideration.

In Los Angeles, Armand Hammer, Occidental's chairman, said he anticipates Zapata's acceptance within 45 days. He said it is contemplating that Zapata would continue to operate autonomously.

### U.S. Approves Merger Creating Largest S&L

**WASHINGTON** — The U.S. government Tuesday approved the merger of three New York, Florida and California savings and loan associations into the largest federally chartered savings and loan.

It was the first interstate acquisition of S&Ls since the Federal Home Loan Bank Board moved in March to permit such actions in an effort to bolster the financially ailing industry. The transaction merges West Side Federal Savings & Loan in New York City and Washington Savings & Loan in Miami Beach into Citizens Savings & Loan of San Francisco.

The merger gives Citizens \$6.8 billion in assets, the Federal Home Loan Bank Board said. The board said the major factor in the merger was the willingness of National Steel Corp. of Pittsburgh, which owns Citizens through its United Financial Corp. subsidiary, to provide \$75 million in additional capital to the new association.

### British Firm Lands Contract for Torpedoes

**LONDON** — Ending several days of speculation, the British government Tuesday awarded a \$555.6-million contract for torpedoes to a U.K. company, passing over a U.S. defense contractor who had submitted a lower bid.

A Cabinet committee chaired by Prime Minister Margaret Thatcher gave the contract for a new heavy torpedo to GEC-Marconi, though a bid submitted by Gould Inc. was for \$99.4 million less. Defense sources said Gould had promised that if it got the contract, it would have built many of the parts in Britain, where unemployment is at about 12.2 percent.

### Schlumberger Seeks Computer-Aided Design Firm

**NEW YORK** — Schlumberger said Tuesday it had tentatively agreed to acquire Applicon Inc., a supplier of computer-aided design systems, in a tax-free exchange of stock valued at \$233.5 million.

Schlumberger, an oil-field services and electronics concern, said it would exchange two of its shares for every three Applicon shares. On the basis of about 6 million Applicon shares outstanding, about 4 million Schlumberger shares would be issued, the company said. The transaction is subject to the approval of shareholders and other conditions.

## AEG Sees Video Venture Surviving if Thomson Quits

Reuters

**WEST BERLIN** — A planned European-Japanese venture in video equipment will probably go ahead even if France's Thomson-Brandt withdraws, Heinz Duerr, management board chairman of AEG Telefunken, said Tuesday.

In a radio interview, Mr. Duerr said that if the French company pulls out, AEG and the other partners — Victor Co. of Japan and Britain's Thorn EMI — would consider building a video camera plant in West Germany or Britain, rather than in France as originally planned.

Mr. Duerr said he hopes Thomson-Brandt, which is due to be nationalized, remains in the venture because extensive cooperation in entertainment electronics is needed to protect jobs in Europe.

On possible Federal Cartel Office objections to the venture, which plans video-recorder production in West Berlin, he said, "At the moment, all the equipment comes from Japan, from a single factory. In the future it would still all come from one factory, the one in Berlin."

Wolfgang Kartte, president of the Cartel Office, said Sunday that cooperation must not lead to an end to consumer choice and must not be a one-way street, with the weaker partner providing sales outlets and the stronger partner technology.

The remark was interpreted by some West German newspapers as signaling that the Cartel Office had doubts about AEG participation.

A spokesman for the Cartel Office by telephone from Berlin that he presumed Mr. Kartte was referring to the AEG project though he did not mention it by name. He added a decision on the project will not be reached for a few months yet.

## Pan Am Cuts U.S. Fares in Recovery Bid

By Douglas Martin

New York Times Service

**NEW YORK** — Pan American World Airways is sharply cutting fares on all its domestic flights, a step analysts say is aimed at improving Pan Am's flagging domestic performance.

The move seemed certain to set off a fierce war among hard-pressed U.S. carriers. Both Eastern and Trans World indicated they have already made some similar reductions or expect to do so.

Pan Am said Monday that its fare cuts range from one-half to two-thirds on all of its flights within the United States. On flights from New York to the West Coast, for example, the economy-class fare was cut to \$224 from \$437.

The move was viewed by analysts as an attempt to turn around Pan Am's domestic earnings, which have not kept pace with the company's expansion in the domestic market. Pan Am's financial difficulties include heavy losses in the first six months of 1981, route cutbacks and the sale of its profitable Intercontinental Hotels unit.

[The U.K. Trade Department said Tuesday that the sale of Intercontinental Hotels to Grand Metropolitan Ltd. for \$500 million will not be referred to the Monopolies Commission, Reuters reported.]

### Broader and Deeper

Alfred Norling, an analyst with Kidder Peabody, said the fare cuts are "a strategy to improve results in the domestic sector that have been very poor."

Despite some similar fare reductions by other domestic carriers, Pan Am characterized its cuts as broader and deeper than those of competitors. "It is really quite a breakthrough in the domestic industry," a spokesman said.

He noted that the new fares are unrestricted and do not require advanced booking or any of the other features that have often accompanied discount prices. Nonetheless, analysts suggested it would be difficult for other carriers not to follow Pan Am's lead.

"Others will have to match them, if in a given market Pan Am is a factor," Michael Dersch, an analyst at Oppenheimer & Co. said. "It creates a real problem for the industry as a whole."

### Eastern Review

Eastern Airlines, for example, noted that it has already lowered some of its prices to the level set by Pan Am. In particular, it cited its announced plan to begin offering \$99 one-way economy class fares between Los Angeles and Houston, starting Wednesday. That is the same fare Pan Am announced Monday.

[In London, one of three unions representing Pan Am employees in Britain agreed to forfeit the additional month's salary they are paid as a bonus each year. The more than 500 workers also agreed to a wage freeze through next year and an extensive voluntary unpaid leave program, a union spokesman told the Associated Press.]

### U.K. Wholesale Prices

**LONDON** — British wholesale prices climbed 0.8 percent in August after dropping 0.5 percent in July. Department of Industry figures showed Tuesday. Prices have risen 10 percent in the past 12 months, the department said.

## CURRENCY RATES

Interbank exchange rates for Sept. 8, 1981, excluding bank service charges.

	\$	£	D.M.	P.F.	H.L.	Ghs.	S.P.	S.F.	D.J.C.	
Amsterdam	2.072	4.284	19.845	46.20	0.2211	1.478	4.707	12.87	35.485	
Buenos Aires	31.028	71.281	16.25	4.047	2.04	14.785	4.621	11.8	32.55	
Frankfurt	2.4713	4.27	19.845	46.20	0.2211	1.478	4.707	12.87	35.485	
London (b)	1.0015	—	4.308	10.365	2.16373	4.88	71.875	3.793	13.883	
Mumbai	1.27185	2.8180	20.12	4.82	2.42	16.25	4.775	12.87	35.485	
New York	—	—	1.7975	0.4101	0.171	0.0821	0.2707	0.825	0.4722	0.3714
Paris	4.782	16.434	229.88	—	4.7815	—	216.10	14.835	27.24	74.66
Zurich	2.1065	3.7923	16.675	38.225	0.1734	78.28	5.294	—	27.745	
SCU	1.2044	0.8727	3.972	5.894	1.25245	2.791	49.135	2.142	7.8728	

Dollar Values

	\$	£	D.M.	P.F.	H.L.	Ghs.	S.P.	S.F.	D.J.C.
Australia	1.462	—	0.279	—	—	—	—	—	—
Canada	0.6984	—	1.266	—	—	—	—	—	—
Denmark	0.22	—	4.548	—	—	—	—	—	—
France	0.2228	—	1.190	—	—	—	—	—	—
Germany	0.3312	—	7.265	—	—	—	—	—	—
Italy	0.2220	—	1.252	—	—	—	—	—	—
Japan	0.0148	—	39.45	—	—	—	—	—	—
South Africa	0.34	—	0.2422	—	—	—	—	—	—
Switzerland	1.2895	—	0.604	—	—	—	—	—	—

(a) Commercial franc. (b) Amounts needed to buy one pound. (c) Units of 100. (d) Units of 1,000.

## Prices on Wall Street Drop Sharply

From Agency Dispatches

**NEW YORK** — Prices on the New York Stock Exchange slid to their lowest point in over 15 months and analysts cited as the reason a deep conviction that interest rates will remain high for some time to come.

The Dow Jones industrial average closed off 10.56 points, although it managed to drop almost 16 points before technical factors came into play late in the day. The average closed at 851.12, its lowest point since June 3, 1980 when it hit 843.77.

Declines led advances by about 1,400 to 200 and volume swelled to some 47.50 million shares from 42.76 million Friday.

The Dow Jones average has fallen over 146 points since June 1 and Monte Gordon of Dreyfus Corp. attributed the decline to deepening skepticism that President Reagan will be able to meet his economic goals.

"The only federal agency that has any credibility with investors at this point is the Federal Re-

serve," he said, and it is now widely believed that the Fed will not loosen its restrictive tight monetary policy in the near future.

The initial spark for the sharp sell-off was the \$1.5-billion increase in the money supply on Friday.

Investors expected the money supply figures to show little change for the week, which may have encouraged the fed to relax its monetary policy, possibly leading to lower interest rates.

More bad news followed when Citibank announced it would maintain its prime lending rate at 20 1/2 percent and the closely watched Federal funds rate, on overnight loans between banks, rose as high as 17 percent from a close of 16 percent on Friday.

A statement by Saudi Oil Minister Sheikh Ahmed Zaki Yamani that his country will not raise oil prices led to deterioration in oil stocks.

The Treasury said it will raise \$75 million in new cash by selling \$4.5 billion in 13-week bills and an identical amount of 26-week bills

at its weekly auction on Sept. 14.

On the trading floor, Cenoco was active. National Medical Enterprises has made a \$14-a-share offer for the company. Published reports said one analyst believes the company is worth \$20 a share.

Zapata Corp. was more than 4 points higher at one point. Occidental Petroleum has made an unsolicited takeover bid, of about \$36 a share, for Zapata that would involve a stock swap.

In New York currency trading, the dollar remained firm, with activity dominated by concern over developments in Poland, dealers said. A statement by Tass that the Polish trade union Solidarity was aiming to seize political power pushed the dollar up to 2.4382.

Deutsche marks as operators moved to cover short positions. The mark opened at 2.4160.

Ford Motor said from Dearborn, Mich., it had raised the prices on its 1982 model cars by an average of 4.8 percent, or \$430, from 1981 model prices.

This announcement appears as a matter of record only

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Fidelity Bank

The Gulf Bank K.S.C.  
(Kuwait)

Saudi European Bank s.a.

Wardley Middle East Limited

Agent

SAUDI CAIRO BANK

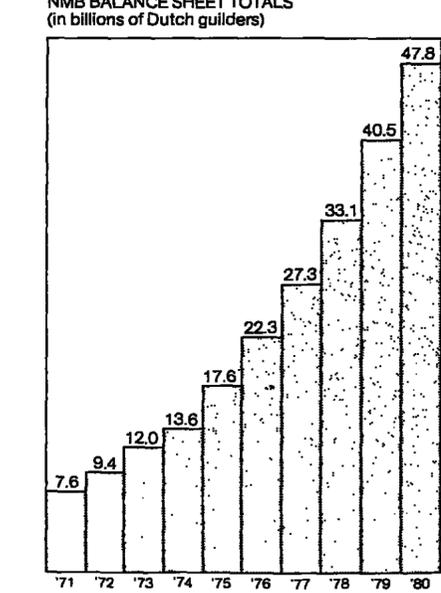
# NYSE Nationwide Trading Closing Prices Sep. 8

Tables include the nationwide prices up to the closing on Wall Street.

12 Month High	12 Month Low	Stock Div.	In	5 Yld.	P/E	100s	High	Low	Close	Chg.
12.00	11.00	AAA	100	10.00	15.00	100.00	110.00	105.00	108.00	+3.00
11.50	10.50	AA	100	9.50	14.00	100.00	105.00	100.00	103.00	+3.00
11.00	10.00	A	100	9.00	13.00	100.00	100.00	95.00	98.00	+3.00
10.50	9.50	B	100	8.50	12.00	100.00	95.00	90.00	93.00	+3.00
10.00	9.00	C	100	8.00	11.00	100.00	90.00	85.00	88.00	+3.00
9.50	8.50	D	100	7.50	10.00	100.00	85.00	80.00	83.00	+3.00
9.00	8.00	E	100	7.00	9.00	100.00	80.00	75.00	78.00	+3.00
8.50	7.50	F	100	6.50	8.00	100.00	75.00	70.00	73.00	+3.00
8.00	7.00	G	100	6.00	7.00	100.00	70.00	65.00	68.00	+3.00
7.50	6.50	H	100	5.50	6.00	100.00	65.00	60.00	63.00	+3.00
7.00	6.00	I	100	5.00	5.00	100.00	60.00	55.00	58.00	+3.00
6.50	5.50	J	100	4.50	4.00	100.00	55.00	50.00	53.00	+3.00
6.00	5.00	K	100	4.00	3.00	100.00	50.00	45.00	48.00	+3.00
5.50	4.50	L	100	3.50	2.00	100.00	45.00	40.00	43.00	+3.00
5.00	4.00	M	100	3.00	1.00	100.00	40.00	35.00	38.00	+3.00
4.50	3.50	N	100	2.50	0.00	100.00	35.00	30.00	33.00	+3.00
4.00	3.00	O	100	2.00	0.00	100.00	30.00	25.00	28.00	+3.00
3.50	2.50	P	100	1.50	0.00	100.00	25.00	20.00	23.00	+3.00
3.00	2.00	Q	100	1.00	0.00	100.00	20.00	15.00	18.00	+3.00
2.50	1.50	R	100	0.50	0.00	100.00	15.00	10.00	13.00	+3.00
2.00	1.00	S	100	0.00	0.00	100.00	10.00	5.00	8.00	+3.00
1.50	0.50	T	100	0.00	0.00	100.00	5.00	0.00	3.00	+3.00
1.00	0.00	U	100	0.00	0.00	100.00	0.00	0.00	0.00	+3.00

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Risk-Bearing Capital	2,113

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12 Month High	12 Month Low	Stock Div.	In	5 Yld.	P/E	100s	High	Low	Close	Chg.
12.00	11.00	AAA	100	10.00	15.00	100.00	110.00	105.00	108.00	+3.00
11.50	10.50	AA	100	9.50	14.00	100.00	105.00	100.00	103.00	+3.00
11.00	10.00	A	100	9.00	13.00	100.00	100.00	95.00	98.00	+3.00
10.50	9.50	B	100	8.50	12.00	100.00	95.00	90.00	93.00	+3.00
10.00	9.00	C	100	8.00	11.00	100.00	90.00	85.00	88.00	+3.00
9.50	8.50	D	100	7.50	10.00	100.00	85.00	80.00	83.00	+3.00
9.00	8.00	E	100	7.00	9.00	100.00	80.00	75.00	78.00	+3.00
8.50	7.50	F	100	6.50	8.00	100.00	75.00	70.00	73.00	+3.00
8.00	7.00	G	100	6.00	7.00	100.00	70.00	65.00	68.00	+3.00
7.50	6.50	H	100	5.50	6.00	100.00	65.00	60.00	63.00	+3.00
7.00	6.00	I	100	5.00	5.00	100.00	60.00	55.00	58.00	+3.00
6.50	5.50	J	100	4.50	4.00	100.00	55.00	50.00	53.00	+3.00
6.00	5.00	K	100	4.00	3.00	100.00	50.00	45.00	48.00	+3.00
5.50	4.50	L	100	3.50	2.00	100.00	45.00	40.00	43.00	+3.00
5.00	4.00	M	100	3.00	1.00	100.00	40.00	35.00	38.00	+3.00
4.50	3.50	N	100	2.50	0.00	100.00	35.00	30.00	33.00	+3.00
4.00	3.00	O	100	2.00	0.00	100.00	30.00	25.00	28.00	+3.00
3.50	2.50	P	100	1.50	0.00	100.00	25.00	20.00	23.00	+3.00
3.00	2.00	Q	100	1.00	0.00	100.00	20.00	15.00	18.00	+3.00
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2.00	1.00	S	100	0.00	0.00	100.00	10.00	5.00	8.00	+3.00
1.50	0.50	T	100	0.00	0.00	100.00	5.00	0.00	3.00	+3.00
1.00	0.00	U	100	0.00	0.00	100.00	0.00	0.00	0.00	+3.00

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12.00	11.00	AAA	100	10.00	15.00	100.00	110.00	105.00	108.00	+3.00
11.50	10.50	AA	100	9.50	14.00	100.00	105.00	100.00	103.00	+3.00
11.00	10.00	A	100	9.00	13.00	100.00	100.00	95.00	98.00	+3.00
10.50	9.50	B	100	8.50	12.00	100.00	95.00	90.00	93.00	+3.00
10.00	9.00	C	100	8.00	11.00	100.00	90.00	85.00	88.00	+3.00
9.50	8.50	D	100	7.50	10.00	100.00	85.00	80.00	83.00	+3.00
9.00	8.00	E	100	7.00	9.00	100.00	80.00	75.00	78.00	+3.00
8.50	7.50	F	100	6.50	8.00	100.00	75.00	70.00	73.00	+3.00
8.00	7.00	G	100	6.00	7.00	100.00	70.00	65.00	68.00	+3.00
7.50	6.50	H	100	5.50	6.00	100.00	65.00	60.00	63.00	+3.00
7.00	6.00	I	100	5.00	5.00	100.00	60.00	55.00	58.00	+3.00
6.50	5.50	J	100	4.50	4.00	100.00	55.00	50.00	53.00	+3.00
6.00	5.00	K	100	4.00	3.00	100.00	50.00	45.00	48.00	+3.00
5.50	4.50	L	100	3.50	2.00	100.00	45.00	40.00	43.00	+3.00
5.00	4.00	M	100	3.00	1.00	100.00	40.00	35.00	38.00	+3.00
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2.00	1.00	S	100	0.00	0.00	100.00	10.00	5.00	8.00	+3.00
1.50	0.50	T	100	0.00	0.00	100.00	5.00	0.00	3.00	+3.00
1.00	0.00	U	100	0.00	0.00	100.00	0.00	0.00	0.00	+3.00

(Continued on Page 10)

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# Reagan's Decontrol of Oil Prices Drawing Rave Reviews

By Douglas Martin  
New York Times Service

**NEW YORK** — Since the Reagan administration removed controls on crude oil prices more than seven months ago, Americans have substantially curbed their demand for petroleum, oil imports have fallen by a fifth and evidence is mounting that decontrol may help stem the long decline in U.S. oil production.

As a result, the White House now boasts that oil decontrol — greeted with storms of disapproval when it was announced Jan. 27 — may be the administration's third-biggest victory, trailing only Congress' approvals of its budget and tax proposals.

"The response has been terrific," Energy Secretary James Edwards said in an interview. "We're not free yet, but we're certainly moving in the right direction."

Some consumer groups complain that oil companies are reaping huge profits at a time when many people will be hurt both by price increases and cutbacks in social welfare programs. But the White House's enthusiasm over oil decontrol is shared by others.

Interviews with more than 40 government officials, industry leaders, economists and analysts clearly suggest that removal of crude oil controls, in place since

1971, has helped improve the U.S. energy and economic picture. Some economists argue that the U.S. trade balance has been aided by the oil import reduction, that this has helped to strengthen the dollar and that inflation has therefore been somewhat less than it otherwise would have been.

These benefits have occurred with relatively little of the consumer pain many predicted when President Reagan lifted controls. Gasoline and heating oil price rises have not exceeded the general inflation rate, and energy experts are convinced that the ending of price controls has helped put the brakes on world oil prices.

To be sure, Mr. Reagan's decision to end oil controls simply accelerated a program President Carter had begun on June 1, 1979. Without presidential action, controls would have expired on Sept. 30, when a gradual phaseout of controls would have moved prices to the world level.

In any case, what some economists and others see as the apparent success of decontrol is partly a matter of some long-range trends prodded by the elevenfold increase in prices since 1973. Americans had already begun to use less gasoline, heating oil and other petroleum products, while oil executives have followed the lure of higher

prices to look for oil in more difficult surroundings.

One result is that analysts agree there could scarcely have been a better moment for decontrol. Worldwide oil inventories are at near-record high. U.S. oil demand is down 7 percent this year following an 8-percent drop last year and output by OPEC has dropped by a third in just two years.

Moreover, a number of experts contend controls had the perverse effect of actually increasing consumer prices, rather than holding them down. An analysis by William C. Lane, former head of the Energy Department's Office of Competition, found that, in the \$15 price runup that accompanied the Iranian revolution in 1979, U.S. price controls may have been responsible for more than \$6 of the increase in world prices.

Mr. Lane says price controls artificially increased demand in this country, spurring U.S. oil companies to bid up prices on the spot or non-contract market early in the crisis. In turn, OPEC members quickly raised their official prices to the spot level.

Economists thus suggest that the removal of oil price controls is actually contributing to the fight against inflation. "We would have been better off to have done it earlier," said Otto Eckstein, president of Data Resources Inc., who once

opposed decontrol because of fears of its inflationary potential.

The import reduction, partly the result of reduced demand caused by decontrol, has been dramatic. The American Petroleum Institute reports that imports in the first six months of this year plunged 20 percent to an average 5.9 million barrels a day. That follows a 25-percent drop in 1980, when controls were being phased out.

There is other good news. Evidence is building that the United States may be on the way to at least partly stemming the steady decline in its oil reserves that has persisted for more than a decade. Prodded by higher prices resulting from decontrol, some 4,194 drilling rigs, the most in history, were in operation on Aug. 31.

Moreover, the Petroleum Information Corp., an A.C. Nielsen subsidiary, reports that the number of new field wildcats, those wells most likely to discover big new finds, increased 32.5 percent in the first six months of 1981. This leads optimists to predict the United States may ultimately be able to produce more oil each year than it uses, something that has not happened since 1970.

### Skeptics View

This hope is buttressed by the fact that, in both June and July, domestic oil output increased compared with levels of a year earlier, the first two-month increase since the Arab oil embargo of 1973.

But production of oil in this country is still declining, albeit at a slower rate. The American Petroleum Institute reports that the rate of decline in the first six months of this year was 50,000 barrels a day, compared with an average of 300,000 barrels a day in each year of the 1970s.

Skeptics suggest the apparent turnaround does not mean more

## Japanese Cut Amount of 2 Convertibles

From Agency Dispatches

**LONDON** — The size of two convertible Eurobonds for Japanese issuers were reduced sharply Tuesday in response to the poor reception for such paper — a function of the heavy volume flooding the market and the weak performance of underlying stocks in Japan.

The 15-year convertible for Sanjo Electric has been halved from the intended amount to \$50 million, lead manager Yamaichi International said Tuesday.

Its coupon was fixed at the indicated 5 percent, with a conversion price of 652 yen, representing a conversion premium of 4.15 percent over Monday's closing share price in Tokyo. The exchange rate was fixed at 231.10 yen per dollar.

The 15-year convertible for Settsu Paperboard Manufacturing was reduced to \$20 million from its planned \$30 million. The coupon was set at the indicated 5 1/2 percent, with a conversion price into common stock of 1,200 yen, representing a premium of 3.6 percent over the closing price in Osaka. The fixed exchange rate will be 232.55 yen per dollar.

From Tokyo, Reuters quoted securities sources as saying that the planned flow of convertible issues will be reduced this month to less than \$1 billion from a planned \$1.5 billion following informal instructions from the Finance Ministry. The ministry denied it issued a "guidance" to reduce such issues but did say it was concerned over the high level of convertible bonds being issued by Japanese companies on the Euro market.

In related news, Japan's eight stock exchanges announced Tuesday a further easing in margin requirements to 50 percent from 60 percent. This follows the recent sharp fall in share prices and is the second market-stimulating cut in margins taken by the exchanges this month.

Mr. Leitch said the federal energy program, which went into effect last October, had led to the loss of one-third of Alberta's drilling fleet to the United States as well as the loss of key people and acknowledged it would take time to restore activity to the level of 1980. According to Mr. Maciej, the industry was actually spending 35 percent less in 1981 than it had planned before the federal program, with its bigger bite of industry revenues, came into effect.

## COMPANY REPORTS

Revenue and profits, in millions, are in local currencies unless otherwise indicated.

Britain		USA	
1st Half	1981	1980	1980
Revenue	273.0	327.5	
Profits	4.6	12.4	
Per Share	0.022	0.059	
Reckitt & Coleman			
Revenue	390.53	354.92	
Profits	17.28	11.28	
Per Share	0.134	0.084	
Standard Chartered Bank			
Revenue	1981	1980	
Profits	80.3	60.2	
Per Share	0.777	0.59	
United States			
1st Quar.	Heinz (H.J.)	1980	
Revenue	860.2	826.9	
Profits	49.2	38.06	
Per Share	2.05	1.45	

## Alberta to Face Growth Pains With Boom

By Henry Giniger  
New York Times Service

**EDMONTON, Alberta** — While the rest of Canada worries about economic growth and jobs, Alberta officials are concerned about an overheated economy as a result of the energy agreement signed Wednesday with the federal government.

From Premier Peter Lougheed of Alberta to Mayor Ralph Klein of Calgary, the talk is exclusively of a resumption of the boom that has made this oil- and gas-rich province the fastest-growing area in the country.

Curiously, there is much more caution in the oil and gas industry itself. Computers have been working overtime in Calgary and Edmonton trying to figure what the benefits of the agreement are. Although Mr. Lougheed and his energy minister, Merv Leitch, assert it will bring an increase of some 2 billion Canadian dollars (about \$1.66 billion) a year in revenues to the industry, some of its representatives say they cannot see where the money will come from.

Under the agreement between Ottawa and Alberta, the federal share of energy revenues is to be

increased to 29 percent, from 10 percent. Alberta's share would drop to 34 percent, from 45 percent, and the industry share would fall to 37 percent, from 45 percent.

"The situation is certainly not as rosy as it is made out to be," said Hans Maciej, an official for the Canadian Petroleum Association. He said one benefit was the removal of uncertainty for the industry but added that "plans and programs may still stay on the shelf if there is not enough money."

But Premier Lougheed made it clear last week that while he may have last week's fight on the oil, he will no longer fight on behalf of the oil industry against the federal government's energy program after getting the concessions he did for faster price increases and more money for his province.

Optimism Exceeded  
The premier and his energy minister extended optimism when they went on television to explain the energy agreement to Albertans, some of whom had fumed with the idea of political separatism so angry had they been with Ottawa.

Mr. Lougheed predicted that two multibillion-dollar oil sands

projects, which his government had held up as a form of pressure on Ottawa, would now go ahead, as well as projects for oil and gas exploration and enhanced recovery from existing wells.

"We'll be in an overheated economy to a degree," the premier said. But he added that he preferred the problems of growth to "a situation where we don't have job opportunities for our young people."

In an interview, Mayor Klein of Calgary agreed that problems of growth are easier to cope with than those of depression and unemployment. "In a city that seems to sprout building cranes everywhere and has a population that has passed 600,000 and is growing by about 2,000 a month, Mr. Klein said, "we really don't need a push. We are going to have to put on our seatbelts now because the growth is really going to take off."

In his television presentation, Mr. Leitch insisted that the accord is "an important encouragement to industry." He cited the rise in prices of oil — that discovered before last Jan. 1 — to 75 percent of world levels by 1986 and the immediate establishment of world price levels for new and unconventional oil. But industry officials point out that while the pie may be bigger, the federal government is also taking an even bigger slice of it in the form of higher taxes on the extra revenue.

Mr. Leitch said the federal energy program, which went into effect last October, had led to the loss of one-third of Alberta's drilling fleet to the United States as well as the loss of key people and acknowledged it would take time to restore activity to the level of 1980. According to Mr. Maciej, the industry was actually spending 35 percent less in 1981 than it had planned before the federal program, with its bigger bite of industry revenues, came into effect.

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Per Share	2.05	1.45	

## Floating Rate Notes

Closing prices, Sept. 8, 1981

Banks	Coupon	Rate	Yield	Bank	Coupon	Rate	Yield
Albania 7-1/2%	100%	100%	100%	Albania 7-1/2%	100%	100%	100%
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AMEX Nationwide Trading Closing Prices Sep. 8

Tables include the nationwide prices up to the closing on Wall Street.

Main AMEX table with columns for stock symbols, prices, and volume. Includes sub-sections for Dow Jones Averages, Standard & Poors, and NYSE Index.

Chicago Futures

Table of Chicago futures prices for various commodities like wheat, corn, soybeans, and oil.

Market Summary

Summary table for NYSE Most Actives, Dow Jones Averages, and Standard & Poors.

AMEX Index

AMEX Index table showing high, low, and close prices.

European Stock Markets

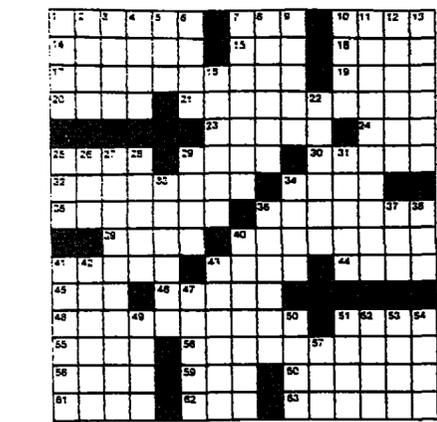
Table of European stock market data for Amsterdam, London, Brussels, Frankfurt, and Zurich.

U.S. COMMODITY PRICES

Large table of U.S. commodity prices including metals, grains, and other goods.

Advertisement for TAPMAN International Income Fund, featuring a large logo and promotional text.

CROSSWORD — By Eugene T. Maleska



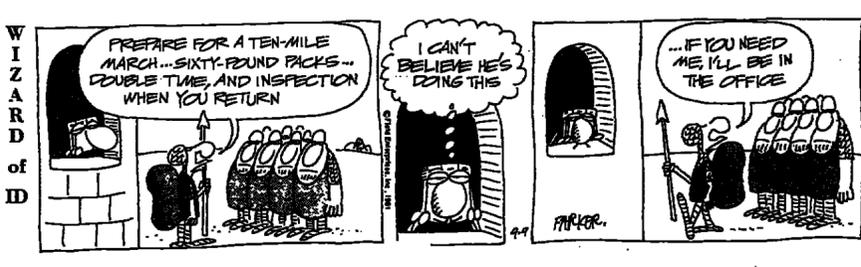
- ACROSS: 10 Not more than... 14 Not more than... 15 Storage plant... 16 Sixty-six... 17 Left part... 19 To be in... 20 Puts down turf... 21 Palmer's force... 23 Myron's... 24 Nick of... 25 ...-long... 29 Sharp... 30 Come near... 32 Some... 34 Kind of... 35 Sends out... 36 "Don't give up... 39 Dye... 40 Serves a... 41 Belief... 44 Quarrel... 45 Above, to F.S. Key... 46 Device for... 49 Superhero... 51 Chain harbor... 53 Repeat... 56 Guidance... 58 Swindle... 59 At fault... 60 Home-grown... 61 Some... 62 Part of E.S.T... 63 Kind of "stup... DOWN: 1 It bites in the... 2 H.R.E... 3 Word with... 4 Saturates... 5 Recipe amt... 6 Kind of rate or... 7 Showy flowers... 8 ... Doctrine... 9 ... wagon to... 10 Pundaries... 11 Byline in... 12 Carson's... 13 Indian home... 18 Keeps in... 22 Hosts of... 25 Neighbor of... 26 ...dancer... 27 Prata to Santa... 28 Am cow... 29 Held on to... 31 Positions in... 33 Flour made... 34 ...-also... 36 Sully... 37 ... Yankee... 38 Favorite... 40 Extreme... 41 ...cropper... 42 Strikes back... 43 Maintain... 47 Cathedral city... 48 High crags... 49 ... Oracle... 51 Nick and... 52 Donahue of... 53 Cleave... 54 Mirmic... 57 Scottish... 58 Explorer

WEATHER

Table with weather forecasts for various cities including ALGARVE, ALGERIE, AMSTERDAM, ANKARA, ATHENS, AUCKLAND, BANGKOK, BEIRUT, BELGRADE, BERLIN, BOSTON, BRUSSELS, BUCHAREST, BUDAPEST, BUENOS AIRES, CAIRO, CASABLANCA, CHICAGO, COPENHAGEN, COSTA DEL SOL, DAMASCUS, DUBLIN, EDINBURGH, FLORENCE, FRANKFURT, GENEVA, HELSINKI, HONG KONG, HOUSTON, ISTANBUL, JERUSALEM, LAS PALMAS, LIMA, LISBON, LONDON, LOS ANGELES.

ADVERTISEMENT INTERNATIONAL FUNDS

Table listing various international funds such as ALLIANCE INT'L, BANK JULIUS BAER & Co Ltd, BANK VON ERNST & Co AG, BRITANNIA, CAPITAL INTERNATIONAL, CREDIT SUISSE, DIV INVESTMENT FRANKFURT, FIDELITY, G.T. MANAGEMENT, INTERNATIONAL INCOME FUND, JARDINE FLEMING, LLOYDS BANK INT'L, PBC INVESTMENT, ROTHCHILD ASSET MGMT, SODIP GROUPE GENEVA, SWISS BANK CORP, UNICREDIT, UNION BANK OF SWITZERLAND, UNION INVESTMENT.



JUMBLE: THAT SCRAMBLED WORD GAME by Herriet Arnold and Bob Lee. Includes a grid of letters and words like COEMA, GIHL, REDDEG, PACRIY. DENNIS THE MENACE: 'OKAY, SO WHOEVER TOOK THE ROOT-BEER HAD SMALL, GREASY HANDS. I KNOW A MILLION KIDS LIKE THAT!'

BOOKS

BREAD UPON THE WATERS By Irwin Shaw. 438 pp. \$14.95. Delacorte Press, 1 Dag Hammarskjöld Plaza, New York 10017. Reviewed by Anatole Broyard

"PROFESSIONAL" is a word often used to describe Irwin Shaw's novels, and I think I've figured out what it means, at least in the case of "Bread Upon the Waters." A "professional" is a writer who has had enough practice to turn out a topical, intricately plotted, multilayered, moderately complex, half-way-convincing novel with a generous surplus of characters. A "professional" writer is rather like a host who keeps you busy during your visit by planning activities that are not exactly what you want to do but are generally regarded as pleasurable. The "professional" gives you paradoxes instead of depth, familiar platitudes instead of inspiration. His work is full of summaries, trite, literal passages and internal monologues that sound like people writing notes to remind themselves of chores that need doing or things they want to mull over during a lull in the action. The "professional" is not interested in words or sentences except as vehicles — taxis, airplanes, golf carts or bicycles — to move his characters or his plot around. When you finish a novel by a "professional," you have an uneasy feeling that you've been edified and stupefied at the same time.

All in the Family Allen Strand is a 50-year-old history teacher in a slim high school who is such a good man that I couldn't help hoping that something terrible would happen to him to make him more appealing or to disturb his complacent faith in human nature. His wife, Leslie, is a darling, slim, attractive, sexy, wise and talented — a Swiss army knife of capabilities.

Strand has a brilliant, beautiful, tough-minded daughter named Eleanor, a cheerfully cynical rock musician son named Jimmy, and Caroline, a sweet, tennis-playing daughter whose natural flowering is inhibited by her conviction that her nose is too long.

In Central Park, Caroline rescues, by wielding her tennis racket, a rich international lawyer named Hazen who is being mugged by three boys. When she takes him home for first aid, Hazen falls in love with her family, which seems to be all that his never was. We learn eventually that Hazen's wife is a shrew, his daughters are castrating beauties and his son a homosexual who dies of an overdose of heroin.

Hazen is what you might call a poor big rich man. He is lonely as only men who have conquered all material obstacles and failed all the emotional tests can be. Though he ought to know better, he makes the Strand family his private charity, scattering them with open balls and their tickets, taking them to his beachfront house in East Hampton, flying them to Paris, arranging a track scholarship and a nose job for Caroline, encouraging Leslie to pursue her painting, finding a job at a prep school for Allen after his heart attack, and so on.

He even fixes up a scholarship for Romero, a genius in Allen's class who reads all seven volumes of Gibbon's "The History of the Decline and Fall of the Roman Empire." It goes without saying that Romero will turn on Allen and Hazen, seduce and reject Caroline as beneath his revolutionary dignity, and end up as a terrorist. The worst thing about Romero, though, is the flood of platitudes he evokes in Allen. Romero is the handwriting on the wall, the graffiti of history.

In the Hands of a Professional Here are a few typical sentences from "Bread Upon the Waters." Strand reflects upon his daughter: "And he had to face the fact that Caroline was no longer a child but fast becoming an attractive young woman." Leslie says of Eleanor's prospec-

ive husband: "He's a fine young man." When Judith Quinlan, a shy and lonely colleague and confidante of Allen's, tells him that she has loved him for years and pathetically tries to seduce him, he says "I would love to. But I can't," adding that he will think about it. After finding Caroline "crouched on the floor in the corner of her room beating her head against the wall and weeping," Allen writes in his diary: "I am also almost equally worried about Leslie." Allen is so indifferent to anything but the eternal verities that he wears "a shabby old woolen muffler." Babcock, the head of the prep school, struggles to keep his pipe lit. Hazen, the good fairy, can't tolerate any opposition to his benevolence. You see what I mean. Every character in the book is a familiar American theme reduced to a formula. The ending of "Bread Upon the Waters" is sentimental enough to set a humming "America the Beautiful." When Allen resolves to give up his idyllic prep school and go back to the "cement" of New York City, in spite of the threat to his heart, the reader realizes once again that he is in the hands of a "professional."

I don't see how Shaw can miss. He has gone to such pains to make the world a comprehensible place for us that the least we can do is put him in the best-seller list with the other improbable fantasies. He might even capture the nonfiction, diet-book audience.

Anatole Broyard is on the staff of The New York Times.

Best Sellers

Table with columns: Rank, Title, Author, Weeks on list. Includes titles like 'The Beverly Hills Diet', 'The Lord God Made Them All', 'Night Probe', 'The Beverly Hills Diet', 'The Beverly Hills Diet', 'The Beverly Hills Diet'.

Ancient Highway Is Found in Crete

ATHENS — Archaeological excavations on Crete have uncovered a major highway that is presumed to have connected the 15th-century-B.C. Minoan city of Phaistos with its southern seaport of Kommos. Joseph W. Shaw, a University professor at the American School of Classical Studies in Athens, said that the limestone-paved road is "a dramatic discovery which underlines the southern seaport's strategic importance for the Minoan empire."

BRIDGE

BRIDGE: Solution to Previous Puzzle. Includes a bridge diagram and text: 'NORTH: ♠ Q85, ♥ K7943, ♦ 1097, ♣ K7. WEST (D): ♠ A76, ♥ 652, ♦ J8, ♣ 8643. EAST: ♠ Q83, ♥ Q98, ♦ A10, ♣ Q53. SOUTH: ♠ K102, ♥ A87, ♦ K63, ♣ A7108. Both sides were vulnerable. The deal: West North East South Pass Pass Pass Pass Pass 2-0 DM 1-2 Pass 2-NT Pass 3-NT Pass 3-NT Pass Pass. West led the diamond jack.'



